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**WORLD REORGANISATION  
ON CORPORATIVE LINES**

*Publications in English*  
by SENATOR DE MICHELIS

THE WORK OF THE INTERNATIONAL INSTITUTE OF AGRICULTURE SINCE THE VIIITH MEETING OF THE GENERAL ASSEMBLY, 1926 (GENERAL STATEMENT PRESENTED TO THE GENERAL ASSEMBLY OF 1928). *Rome, 1928, Printing Office of the International Institute of Agriculture, pp. 392.*

THE INTERNATIONAL INSTITUTE OF AGRICULTURE AND THE PRESENT-DAY PROBLEM OF WORLD AGRICULTURE. *Rome, 1930, Printing Office of the Chamber of Deputies, pp. 64.*

PROGRESS AND WORK OF THE INTERNATIONAL INSTITUTE OF AGRICULTURE (STATEMENT PRESENTED TO THE GENERAL ASSEMBLY). *Rome, 1932, Printing Office of the Chamber of Deputies, pp. 62.*

THE PLACE OF UNEMPLOYMENT IN THE EUROPEAN ECONOMIC ORGANISATION. *Rome, "L'Universale" Tipografia Poliglotta.*

A WORLD PROGRAMME OF ORGANIC ECONOMIC RECONSTRUCTION. *International Labour Review, vol. xxiv, No. 5, November 1931.*

ECONOMIC RELATIONS BETWEEN EUROPE AND THE UNITED STATES OF AMERICA IN THE FIELD OF AGRICULTURE. *Paris, 1931, International Chamber of Commerce, pp. 20.*

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WORLD REORGANISATION  
ON CORPORATIVE LINES

*by*

GIUSEPPE DE MICHELIS

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“ . . . This causes me to reflect and wonder whether by chance we ought not to consider the problem which has already, on other occasions, been indicated by political economists: whether the present system of production has not released forces which it is no longer in a position to control; that is, whether economy, after having been rationalised in the factories, ought not equally to be rationalized within each State and within a Federation of States.”

MUSSOLINI



## INTRODUCTION

FOR the past nine years we have been advocating and explaining the idea of international co-operation, based on the full and harmonious use of the productive forces of the world, and, therefore, on the freest interchange of the mobile agents of production.

This idea is a very lofty one: it aims at reorganising the economic system on healthier lines, but it also shows by what means we can, even now, notwithstanding the difficulties of every kind that disturb economic life and seem to undermine the very foundations of capitalist society, adopt practical measures, more or less restricted in space, which will not only be a remedy for some of the present serious evils, but a sure preparation for a new order of things.

In this last aim we cannot fail to benefit by the painful experiences of this sorely tried third of a century, since they furnish indications which would enable us to set up and to put in operation even now rudimentary structures which can gradually be amplified, completed and co-ordinated so as to invigorate that normal economic activity of the nations, disciplined and at the same time free (one might say free because rationally disciplined) which will bequeath to future generations an era of prosperity.

"When a crisis has broken out," Francesco Ferrara wrote, "there is no alternative but to endure it"; but the problem of the means of reaching a social state in which these painful disturbances will become less frequent and be eliminated altogether is not at all insoluble. We should therefore endeavour to remove the causes of every

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crisis, which always lie in this or that defect of production, or, more broadly, of the economic process in this or that part of the world. But there are functional defects and organic defects, and the symptoms of the present economic depression indicate, by their unusual seriousness and persistence, that both of these causes are at work. The organic evils are aggravated by recurrent functional disturbances.

When we put forward our plan for the first time, at an international meeting, many approved of it, but more still had doubts. Its importance was not realised or was seen too clearly, according to the points of view. The vested interests of vast colonial possessions, the dislike of innovation by narrow theorists, the scepticism of empiricists loyal to their own schemes and their disjointed formulae, were massed against our plan. It is too simple not to seem utopian. But it bears the unmistakable imprint of common sense, as it corresponds to a reality which every day becomes more obvious, and which must be turned to man's account by a conscious effort on his part.

What I proposed to meet the immediate necessities of the Continent of Europe and to be gradually applied to those of every large economic group was no more than an extension of the regulative principles of the Italian Corporate State.

The hesitation and resistance encountered at the beginnings of this practical Italian anticipation of economic and social progress have ceased or are rapidly disappearing. The idea, which in 1925 seemed to be the panacea of a disciple of Saint-Simon a century after his death, subsequently received the official sanction of bodies

## *Introduction*

like the League of Nations, the International Labour Office and the International Institute of Agriculture, where—as we shall show in the last chapters of this volume—enquiries are now being made as to the possibility of putting our proposals into practice without undue delay. Since then the idea has made headway in public opinion to such a point that to-day it can be said that there is no book, report or newspaper article dealing with world or European economic reconstruction which omits to mention it in one form or another.

The present work is not actuated by a desire to claim priority, nor by the merely academic pleasure of sketching the original lines of our programme, but rather by the wish to set it forth in its entirety for examination and discussion, so that it is not whittled down when opportunities arise to set it on the path which would lead to its rapid execution.

The antagonism between various systems of reconstruction and economic régimes tends to become more acute and sometimes, as in the abortive World Conference of London, assumes dramatic forms. In striking contrast to most of these systems, notable though they may be for their scope or for the boldness of their conception, stands the luminous Fascist experience recommended by eleven years of economic progress and of civil order secured for the Italian nation in the midst of the formidable difficulties of the world crisis.

Whatever may be the special circumstances of each economic region, the guiding principle of future constructive work cannot, it would seem, be other than that which is gradually shaping the corporative society constructed by Fascism for the consolidation of the produc-

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tive process, for the benefit, not of one or more groups or sectors, but of the mass of producer-consumers. We firmly believe that this economic system can become an instrument of reconstruction and of social progress, increasing the power of Italy and promoting the welfare of other nations.

The principle inspiring the Four-Power Pact, a brilliant anticipation by Mussolini of what the real co-operation of States ought to be, provides the necessary political basis on which to work for the reconstruction, first of Europe, and then of the world, in accordance with the principles of corporative economic organisation, the extension of which to the international sphere we were the first to propose.

We venture to hope that the present work will do more than add to the vast number of plans designed to solve the crisis. Although it has been shrewdly remarked that this plethora of plans is a reassuring symptom of the determination and the capacity of the world to cure its own economic evils by methods deliberately applied, we would fain believe that our plan, however modest it may seem, is in a class apart.

As will be seen later, we start from almost self-evident principles, which are abundantly confirmed by the experience of individuals and of groups. We shall then supply the actual information or data in order to test the soundness of our practical proposals.

# THE INCENTIVES





## CHAPTER I

# OBJECTS AND GENERAL CONDITIONS OF A CO-ORDINATED ECONOMIC SYSTEM

### *The Principle of Co-ordination*

EXPERIENCE shows that the general energies of men employed in the production of goods are not co-ordinated within each country or within the general economic field, in accordance with principles calculated to produce the best results.

This is not an abstract principle: it is the application to human economy of a general law of nature, observed, verified and studied every day. Actual and precise—we might say almost arithmetical—confirmation of this law can only be made within the limits of the personal experience of those immediately concerned. But the law has universal application and general validity, affecting equally a “Robinson Crusoe” economy and the most complicated structures of societies engaged in exchanging goods; it governs individual traders in competition with each other and vast industrial combinations; it holds good of an organism geographically limited as well as of world economy.

The improvement of human communities depends not only on the growing knowledge of all those who compose them and guide them, of the inexorable process which tends to broaden and to integrate the forms in which the law of co-ordination finds expression, but also on the will to develop and the possibility of developing these forms in structures which are increasingly complex

## *World Reorganisation on Corporative Lines*

and of ever-widening scope. The history of social progress is that of the fluctuations of this powerful incentive which urges men and the communities they form—sometimes slowly, sometimes quickly, but always continuously—along the path which leads to the perfect co-ordination of their activities in space and time.

There are epochs in history marked by an extraordinary acceleration of this movement, the acceleration manifesting itself in economic crises of long duration and intense severity. The shocks and disasters, the material calamities and the political revolutions which flow from them, do nothing to alter the essential character of these fluctuations, which are genuine crises due to the growth of the social organism. In the last century the advent of steam and of machinery gave a great impetus to one of those great forward leaps in human progress, whence sprang the ascending parabola of the capitalistic industrial régime.

Whatever may be the explanation of the phenomena resulting from the present depression of world economy reached by experts and scientists (and we would repeat that these phenomena and their explanation do not here concern us), it is clear from a thousand indications that we are to-day living in one of these epochs. It is not possible to determine whether the war was the first tragic result of a profound transformation in the economic system which had already begun in the early years of the century, or whether it marked the beginning of the transformation that is taking place before our eyes. What is certain, however, is that it marks the rupture, plainly visible even to the man in the street, between the individualistic economic régime and that which is to follow it.

## *A Co-ordinated Economic System*

What will be the nature and the character of the new economic system? It is not worth while to hazard prophecies; an impartial examination of the forces which are at work and of their tendencies will point to the conclusion that the corporative form of society, in the present state of knowledge and of technical evolution, is the only form capable of assuring the maximum degree of economic and social co-ordination.

There are many who deny that rupture exists and doubt the inevitability of the transformation. Convinced of the undeniable substratum of truth in the Marxist theory of technical process as the determinant of the forms of production, they are equally firmly convinced that no invention or discovery in the last few decades, respecting the technique of production, can be compared with the great mechanical applications of a century ago. Wireless communication and the aeroplane, they say, do not influence the processes of manufacture. Electricity, though it directly affects those processes, is very far from exercising a revolutionary technical force equal to that which steam exercised. The productive apparatus and the economic structure, they contend, cannot be radically transformed without a mechanical innovation which would transform the conditions and profits of the production of any basic commodity.

According to this view, we are not in a period of transition from one economic system to another, and the complex group of facts which we usually call the world slump is no more than those fluctuations of economic activity which the war has merely intensified. From this standpoint, sound finance, the cancellation of international war debts, the abolition of Customs barriers, perhaps, too,

## *World Reorganisation on Corporative Lines*

less interference by the State in economic affairs, would set everything right. Against this we would urge that even if the productive process be considered only under the aspect of separate industrial or agricultural undertakings, it is obvious that the technical innovations of our time have produced in them such a profound transformation of methods, have exerted and still exert such far-reaching effects, as to have brought about a new stage in economic progress of themselves.

Let us drop the assertion of new scientific principles, since this is not very important for our purpose; the only facts to which we attach real importance are the fresh applications and further extensions of principles already known. Who can fail to see the enormous difference between the Watt engine and the steam turbine of to-day, between the Jacquard loom and the multiple loom, between the reaping machine and the "combine"? Who can fail to note that the immense variety of conditions produced by the technical diversity of machines and of plant is not only a matter of degree but of kind, and leads to substantial transformations in the direction of industrial processes and in the structure of the factories? Who can fail to remark that it is precisely these innovations, profound both in degree and in kind, accompanied by other changes connected with them, which have provoked those immense social disturbances we see going on around us, of which unemployment on an unparalleled scale is perhaps the most glaring example?

Accompanied by other changes, we have said, since one mistake made by the advocates of economic quietism is not to look beyond the horizon of the factory and the bounds of the mere technical process of manufacture.

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The profound transformation of the productive system, however, affects not only the mechanical part and the strictly technical part—think of the wonderful discoveries of chemistry applied to industry—but also its organisation and more generally its social aspect: we have in mind particularly the relations between the management and the workers.

What has been called “technological” unemployment, which we would call a real and permanent demobilisation of multitudes of human beings, cannot be attributed only to mechanical improvements, but must also be attributed to that complex group of factors inherent in or extraneous to the undertaking—first among them being the movement of industrial concentration—which have modified its structure and economic strength.

While it is true, therefore, that transport and other forms of communication are essential factors in production, inasmuch as they create useful goods or add to the value of goods made in the factories, it is even more obvious that a fundamental transformation has been effected in our own time by the progress made in technical methods. Here, indeed, is audible one of the strident discords of the economic system, which is perhaps the main cause of the maladjustment or of the series of states of maladjustment from which the world has suffered since the war.

### *Physiological Maladjustment and Pathological Maladjustment*

It will be well to make our meaning clear at once on this important point.

## *World Reorganisation on Corporative Lines*

When we speak of a co-ordination to be brought about in the various branches of economic activity and in the whole economic world, we do not mean that all disproportions and inequalities, all strains and stresses, all high levels and low levels of activity must disappear and give place to a perfect equilibrium of forces and of movements.

In economy, as in every form of organic and social life, the states of equilibrium are a *norm* to which things tend, but which is never attained or is attained only to be immediately departed from. In the realm of economic forces and social structures, as in that of physical forces and organic life, man must aim at reducing to the minimum what is imponderable and cannot be foreseen; and he must aim at this with the more energy and greater prospect of success the more he feels that the control of economic forces and of social structures lies mainly in his own power.

The economic system must be a human structure in every sense, and as far as possible a deliberate construction, to ensure that the oscillations round the pole of equilibrium shall have the smallest possible radius and shall only be the effect of those natural agents which cannot be subdued.

When we lay firm hold of the principle that human societies are what men wish them to be and fashion them, and that they can only to a very small extent be at the mercy of forces extraneous to human knowledge and human will, we shall see how the present economic system of production and exchange is—a point upon which all are fundamentally agreed—quite inadequate to the necessities of the majority of persons, and can with advantage be replaced—though not a few still deny it—by a system

## *A Co-ordinated Economic System*

which would tend to abolish unnecessary disparities and maladjustments.

One of these anomalies is, as indicated above, the contrast presented by the means of communication and of transport as a whole, the means of exchange, and the means of production. Communications are dominated by the general interest of the consumers and are therefore in the hands of the public authorities; they are susceptible to prodigious mechanical improvements and amenable to rapid international co-ordination. Means of exchange are under the mixed control of the State and private enterprise, and are therefore subject to manifold regulations and safeguards. Chances are scanty for the technical improvement of the methods in use, but, except in certain branches, there are great possibilities of effective co-ordination among the different countries. In actual practice, however, little has been done in this direction. The means of production are connected with the system of private property and the individualistic principle of reward, to the exclusion of the corrective social factor represented by the general mass of consumers. They favour the frequent formation of private monopolistic groups, which practise international co-ordination for their own ends. They reveal an increasing capacity for technical improvements, which impedes the combination of productive agents, and tends to fling ever larger masses of workers on to the scrap-heap.

It is these disparities and anomalies within the capitalistic organism, and not the war debts, the customs barriers, or the fall in prices, serious though these phenomena may be, which explains the swollen ranks of unemployed men, who form, with their families, a



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population equal to that of the entire continent of Africa.\*

But we must confine our attention to the disparity of economic forces as direct agents of production in their classic threefold aspect, convenient rather than scientifically accurate, and enquire how, up to what point and with what social results the supreme principle of co-ordination can be applied to reduce their disparity to a minimum.

It is well known that the agents of production—labour, nature and capital—are complementary factors. In the early days of humanity the labour co-operated with nature to produce food, but before long all three factors were linked together in the requisite co-ordination, since it is the use of appropriate tools which marks the passage of mankind from a state of savagery to the rudiments of civilised life.

Linked in requisite co-ordination. This means that every article produced is to be attributed to the indistinguishable collaboration of the three factors and not to any one of them separately considered, and that even the increase of production resulting from the addition of successive increments of one of them is a function not merely of that addition but rather of the new indistinguishable productive combination to which it gives rise. This is shown by the law of diminishing returns,

\* International statistics on unemployment are barely rudimentary. The current estimates are certainly less than the reality. At the last International Labour Conference the workers' delegate of India stated, on the basis of authoritative opinions and enquiries, that in that country alone no fewer than 40 millions of persons were without work and no fewer than 100 millions lacked food, clothing, and shelter. See *International Labour Conference*, Seventeenth Session, Provisional Report.

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according to which successive increments of one of the factors alone must necessarily increase production to the limit at which there is no variation, either in quantity or in quality, in the other factors or in any one of them. Beyond this limit, the rate of increase declines steadily to zero.

### *The Implications*

This fundamental principle of economy, which it was desirable to restate, reveals its importance, and may be usefully applied, not only within the limits of an economic unit but also in every economic cycle, from the most restricted to the most extensive, and we find it to be the determinant of social development and of political forms. The implications of this principle we shall have occasion to study more closely in the course of this work, as they are of great importance to us, but meanwhile they may be stated as follows:

1. The ability to co-ordinate the factors of production outside an economic unit can only reside in the State, and outside the national limits, to federations of States. It is idle to deny the active function which belongs to the State and inter-State authorities in the economic field. It may be discussed whether and up to what point, in particular circumstances, it is desirable that the State should invade the domain of private enterprise; but it cannot be maintained that outside the limits of the economic unit the function of co-ordination must either lack an organ for its exercise or possess no better organ than certain groups of individuals, which are engaged in directing capitalistic evolution towards entirely degenerate

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forms of industrial feudalism. This applies to the national sphere. In the international sphere it follows that economy must be subject to inter-State regulation and guided towards ends desired by the States in the interests of the national communities and not of the semi-monopolistic groups which cross political frontiers and ignore political necessities.

2. As no one of the factors, taken by itself, governs the act of production, inasmuch as its productive capacity only becomes effective in co-operation with the other factors, so in none of them, and in no one who may control them, can reside the power, and still less the right, to impede the productive act by refusing to co-operate, wholly or partially. Whence it follows that freedom to strike or to lock-out, an economic anomaly inasmuch as it threatens to strangle the act of production, is juridically a crime which the authorities must suppress and proscribe by due process of law. In the international field this principle implies the necessity of limiting the arbitrary power of the national communities in regard to the utilisation of their consumable natural wealth. The sterilisation of that wealth cannot be permitted, just as it is not permissible for the factors in production represented by private groups and individuals to be withheld from the common task.

3. Profit, the motive of the individual economic act, is the law which governs the economic unit; but in the steadily widening process of economic co-ordination which embraces these units it becomes subject to various limitations of degree and of kind, prompted by social utility. It would be a mistake to believe, in view of our past and present experience, that this process of co-

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ordination can, with the minimum of waste and of friction, be left to itself, and that the State should merely reserve to itself the function of legally safeguarding it and of rendering mere social assistance. What is true for the single economic unit is true for those large-scale undertakings, the separate national units, which, connected by somewhat loose ties, are to-day in need of the assistance of a co-ordinating authority operating in the field of the immense world market.

4. The individuals and the classes who form the productive elements of the population must all be placed on the same footing in respect of their power and their rights in relation to economic administration. The predominance of one class of producers over other classes or over another class is contrary to economic necessity itself. So-called democracy in the political field is deceptive and anomalous, unless its foundation is the perfect equality and equivalence of position of the producing classes in the State and in relation to the governing authorities.

That is why the democracies of to-day are a compromise based on fictitious equality, without any root in economic reality, in which the plutocratic interests of capital, of the industrial combine and of banking, are dominant. That is why we cannot admit that human communities really desire to pass from this extreme of inequality and of social injustice to the other extreme, of equally anti-social economic conditions, viz. communism, in which political power is exercised by the working class alone, or, if they do pass to it, that they can long remain in it.

That is why that political system must prevail which is based on corporative economy, and on equality in the

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positions of the private interests engaged in production and in every other national economic activity. In this system the conflict between such positions is not resolved almost automatically according to the political strength of the best organised or more numerous group or union, but by the consciously exercised authority of the State which in this act transcends the corporative system itself and rises to the totalitarian care of the interests of the community.

The precept laid down by Mussolini "to go towards the people" is one in which, besides the moral content of generous human sentiment, may be seen the firm determination so to perfect the corporative system as to bring about in it the almost complete identification of the economic interests of the producers with those of the consumers.

The same conceptions must prevail and be suitably applied in the future construction of the inter-State corporative organisation.

### *The Productive Factors are not Co-ordinated*

Amongst the various productive combinations which an undertaking can put into practice by using the factors at its disposal at any given moment there is one of maximum utility. It cannot be recognised and fixed *a priori*, but only by the process of trial and error in which come into play the conditions of the market, the factor of demand and of costs, and the possibilities of technical methods. An undertaking may be conceived on a scale of widely varying dimensions, from the smallest to the

## *A Co-ordinated Economic System*

largest, from the tiny artisan's workshop to world economy; the laws of co-ordination and of productivity are equally valid, in all their rigour, for all dimensions, whether a village fair is in question or intercontinental movements of goods and capital. The unitary principle which regulates the life and movement of persons and of things is indifferent to dimensions in the economic field as well as in the physical and cosmic fields.

It is this principle which urges human societies, in the teeth of calamity and across obstacles, to combine their activities and to co-ordinate their faculties in an ever-wider circle for the better use of natural forces, and the promotion of greater well-being, by means of the increasingly well-directed co-ordination of their efforts.

Of an undertaking which, while able to initiate a policy calculated to yield a higher output, with the assistance of other increments of the productive factors, failed to do so, it would be said that it was not acting in accordance with the principle of economic returns. Now we see that in the circle of continental economies, and in world economy, numerous productive forces remain isolated, and are not brought into effective economic combination so as to assure a greater sum of wealth and larger supplies of consumable goods to the populations.

Besides the multitudes of unemployed—and here we refer, as has been said above, to the masses permanently demobilised from the work of the factories and the fields as a result of mechanical and technical innovations—there are large sections of the people which live crowded into narrow and relatively poor territories, while regions which would lend themselves to intensive economic use remain desert, semi-desert, or sparsely inhabited.

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Here, then, are two factors which do not enter into the world productive circle in the proportions in which they could do so.

On the other hand it may readily be observed—and we shall demonstrate it presently by figures—that the geographical distribution of raw materials and of capital is very unequal in relation to the possibilities of human labour. All this exists while the mechanical and technical capacity of industry and agriculture, under the powerful impetus of the necessities of war and of the reconstruction of the productive machine since the war, has risen to such an extent as to be able to supply a demand for goods and products three times as large as the present demand. Nor does our reasoning apply only to the present day; it takes into consideration the continual increase of the population of the world according to a rhythm which may have occasional arrests and setbacks, but which on the whole goes forward in unfailing progression.

Without venturing upon hazardous prophecies regarding the future, in which probably man's inventive genius will turn to account other factors and combinations of factors to provide human sustenance, it is easy to foresee that before very long the growing density of population in some regions will necessitate a further investment of producers' goods and of human labour in other regions.

### *Triangular Co-operation*

There are countries living under a serious pressure of population which renders their labour less fruitful than it should be. To relieve this pressure of population, directing it to new less populated territories, would

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render more fruitful at the same time the work of the old countries and that of the new countries, which on their part have an abundance of land lying idle through want of labour. The circle would be completed by directing the capital resulting from saving, which is sterile on account of its excessive abundance in over-capitalised countries, towards new countries which are ready to exploit their energies by the admission of immigrants who are financially and industrially equipped. The larger possibilities of production of this new population would allow of an extension of its purchasing power and hence of production and of world trade.

In the plan of this triangular co-operation, one country would export men and would sell its products to other countries which produce raw materials, and these latter countries would pay in raw materials and foodstuffs exported to the first country or to another country, as, for example, the country which had supplied credit to the first country. The new countries would be developed, labour would find employment in those countries and in the old countries in the production of raw materials and of manufactured products respectively, while the countries producing capital goods would have raw materials and labour for their use. There would be a better division of labour: the old countries would maintain and increase their production and export goods: the new countries would be developed, would supply raw materials and foodstuffs, would extend their consumption and later they would themselves increase their production of finished goods. There would be a parallel increase of production and of world consumption and a new impulse would be given to general progress. The relations between



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supply and demand, the correspondence between production and consumption, would find in this world movement what it has irreparably lost in the narrow play of separate groups lacking co-ordination of effort. The protection of the authorities, the corrective political intervention, would only be a force held in reserve to facilitate the working of a system which would find the conditions of its equilibrium in the vastness of its scope.

This is the natural path for the expansion of industrial civilisation. Spontaneous, free, unregulated expansion was useful in the past, when technical progress was within everyone's reach.

To-day the difficulties are increasing, while competition is becoming keener among the units which engage in it. Hence the necessity to regulate or to rationalise expansion. The political authorities would strive to restore equilibrium by enlarging the scope of initiative, with particular reference to countries not yet open to profitable economic enterprise. This method is designed to rationalise not only production, but everything it implies, including consumption and exchange, by co-ordinating the energies of separate economic units within the boundaries of each national economic group, and extending this principle to the world as a whole.

### *The Crisis of the System*

The economic crisis which affects the lives of so many people offers great obstacles to the co-ordination of economic activity and the proper distribution of goods which is already becoming urgent but which will be

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an imperative necessity of the community of nations a few decades hence. Some economists, sociologists and politicians are of opinion that this co-ordination is likely to result from the automatic interplay of the free forces set in motion by private enterprise and the coercive forces proceeding from public regulation.

Their mistake in so thinking lies in overlooking the fact that the capitalist system contains in itself the germs of its own destruction. What was the automatic regulator which, in the ascending phase of capitalist development, sufficed to keep the various forces in equilibrium, to ensure sufficient co-ordination within the boundaries of nations and promote the so-called interdependence of the various markets for products and for capital? That regulator was the price of commodities, which was determined by supply and demand. But concentration on an ever-vaster scale and the unifying tendencies of markets rendered this regulative device of price ineffective, although it had been the only safe guide of economic activity and the only means of liquidating commercial crises.

The powerful monopoly organisations habitually employ their political strength to impose safeguards and fix prices. These expedients are dictated by a policy which, by assuring excessive profits, inevitably impedes the rapid absorption of gluts and making good of shortages. In short, they frustrate the operation of those free regulative forces which, in the era of free competition, would have liquidated slumps and checked booms. The obstacles to the liquidation of crises became in their turn a cause of new crises, accompanied by notorious economic and financial evils, by haphazard political intervention, by absurd and

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predatory restrictions which the world knows only too well and from which it suffers acutely.

From what we have stated so far, it will not be difficult to catch the drift of our argument. Our intention is:

1. To demonstrate that the forces and fundamental agents of production remain largely unco-ordinated and unused, while the present and future necessities of world economy require their gradual co-ordination.

2. To indicate by what methods this process of co-ordination can even now be initiated and what obstacles must gradually be overcome in order to carry it out.

We have seen that for this entirely practical purpose economic science helps by analysing the fundamental principle, most fertile in its application, which governs the production of goods. But this principle throws no light on the question of reforming economic and political systems.

In this connection we observe, not without astonishment, that various economists are anxious to link the fate of a science rendered illustrious by so many famous names with an economic system like that of the present day which, though it had admirably served the cause of civilisation, no longer responds, unless renewed *ab imis*, to the necessities of present-day technical methods, moral aspirations and customs. Their position was condemned by Cairnes as far back as 1870,\* when he remarked that because political economy puts forward theories of wages, profits and rent, it is sometimes imagined that it definitely approves the present industrial system, in which three distinct classes, workers, capitalists and landowners, receive remuneration in those

\* Cairnes: *Essays in Political Economy, Theoretical and Applied*.

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forms. Some social reformers, who aim at a modification of the present system, have denounced and derided economic science, as if it were really endeavouring to stereotype the existing system. But economic science has no more to do with the present industrial system than the science of mechanics has with the present system of railways. The repugnance professed for political economy by persons who have good reasons for withholding an unbounded admiration for the present system can, however, be understood when we remember how, in the name of political economy, that system is proclaimed by popular exponents of so-called economic laws to be almost perfect.

Unfortunately, not only popular writers on economics have fallen into this misconception, but even distinguished theorists, who are apt to forget that the patriarchs of political economy, Smith and Ricardo, not only lived before the real age of the capitalist system, but did not think in terms of it.

These reflections may fittingly conclude our introductory remarks, and we venture to assert that our constructive scheme should be criticised, not in the name of science, but in the light of practical necessities.



# THE IDEAS AND THE FACTS



## CHAPTER II

### HUMAN LABOUR

#### *Men and Space*

It will be convenient to deal first with the economic problem of men; that is, how can the labour forces in the dynamics of world production be best utilised?

In a century of economic activity under the industrial régime the population of the world has more than doubled; from 900 millions it has risen to about 2,000 millions, with a rate of increase which has no parallel in past ages. It is probable that this rate of increase will not be maintained or remain constant in the future, but there is no reason, biological, economic or social, to believe that, in contrast to the continuous progress of population throughout the centuries, the numerical increase of mankind will ever be arrested.

The problem of the relations between the increase of population and the means of subsistence is no longer regarded as so acute as it was at the beginning of the last century and during the first few decades of rapid industrial progress accompanied by an unusually rapid increase of population.

We are far from feeling the anxiety that was aroused by the teachings of Malthus and the fears that were occasioned by the formulation of the law of diminishing returns which, in its original rigid form, reflected the too brief period and the too narrow circle in which it was put forward.



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What at a later date was called, with all the troubled imagination of sociological romanticism, "the devastating torrent of infants" seems much less overwhelming to-day; and it is well known that in recent years there have been apprehensions, particularly in certain European countries, at the prospect of "demographic leanness" in the near future, suggested by a slower rate of increase of population.

Certainly the improvements in the technical methods of production and the possibilities of a more intense colonial development, even in territories already occupied and developed, render it one of the most remote eventualities of human life that the limit of demographic saturation will be reached. As things are at present, the terrestrial part of the globe seems, on the whole, sparsely populated.

Europe, with an area of  $11\frac{1}{2}$  million square kilometres, has 510 millions of inhabitants; China, with more than 11 million square kilometres, has 450 millions of inhabitants (the difficulties of making conjectural estimates and the diversity of such estimates, in the absence of any census, regarding the Chinese territory, as well as a considerable part of the territories of Asia and Africa, are well known); India has 356 millions of inhabitants on an area of more than  $4\frac{1}{2}$  million square kilometres. Apart from these vast areas of densely populated territories, we only find small countries the importance of which is slight in relation to the whole habitable area, such as Japan and the West Indies. In the three large territories mentioned, which measure 27 millions of square kilometres, therefore, about two-thirds of the population of the world

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live, and yet some parts of them, such as the U.S.S.R., with its twenty inhabitants per square kilometre, could certainly, with better economic exploitation, support a much greater population

In comparison, the rest of the world may be said to be sparsely populated; on 105 millions of square kilometres live barely 700 millions of persons; that is to say, a third of the entire population of the world is scattered over eight-tenths of the land surface. Even deducting about 13 millions of square kilometres composed of polar lands and  $7\frac{1}{2}$  millions formed by the Sahara and other desert regions, the fact remains that the greater part of the habitable and cultivable land is neither inhabited nor cultivated, while it would offer a large and fruitful field for incalculable possibilities of economic development and for the prolific expansion of the human race.

There is not, therefore, and there will not be, perhaps for many centuries, any general problem of the food supply of the human species in relation to its increase; but that problem exists and will become more serious as time goes on for the densely populated territories above-mentioned.

A rapid glance at the map reproduced in the last pages of this volume shows at once the few spaces of habitable land where the concentration of population is greatest; these are, naturally, the same territories in which the unrestrained rivalries and the convulsions caused by wars occur century after century.

## *The Density of Population*

If from the consideration of the great overpopulated regions we pass to that of the separate countries of which

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they are composed, it is necessary to distinguish clearly between the density and excessive density resulting from the simple relation between inhabitants and territory and what may be called the qualified density, resulting from the complex relation between the inhabitants and the economic resources and possibilities of the soil and the mineral deposits. In order to fix, for a specified country, the maximum density and to estimate precisely the demographic pressure of another country in relation to its requirements in the way of economic expansion and of colonial development, the criterion of the simple relation between inhabitants and square kilometres would be valueless. The fact that this relation can be measured with precision must not make us lose sight of the closer correspondence with the reality of things expressed by the other relations.\*

\* It is surprising that a conception which ought to be readily understood is often so little grasped even by persons of no ordinary intelligence.

This reflection was suggested to us by reading the report of a discussion that took place in October 1932 at a meeting of the Political Economy Society of Paris, on the question whether the European races were destined to disappear. M. de Guicheu, having justly remarked that Italy with its 42 millions of inhabitants, as compared with 29 millions sixty years ago, needs room and that "it is profoundly to be regretted that the Treaty of Versailles did not assign to it a colony, to which it had every right," M. Pupin thought it opportune to reply that "the history of the forced expansion of populations with a high birthrate is generally only a political pretext put forward to justify territorial demands." And he wished also to add that this theory is refuted by some very visible examples. "Belgium," he said, "the density of which per square kilometre is one of the highest in Europe, is at the same time one of the most prosperous countries, and one of the countries that have best resisted the crisis." (*L'Economiste français*, October 22, 1932, pp. 518-519.) Setting aside resistance to the crisis, in respect of which Italy has no reason to envy any other country, M. Pupin evidently did not recollect how much had been said and written many years before on this question of density of

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As will be seen, it is a question of establishing a useful co-ordination between resources in men, as determined by the normal increase of population, and resources in territory and in available raw materials.

Resources in men may be considered even in the case of a population which is fully employed; it is, then, a case of "economic" resources, that is masses of men who can be better utilised, to their own advantage and to the general advantage, in countries with less dense population and with fresh possibilities of industrial development. But to these resources must, unfortunately, be added those which unemployment renders available; and it may rather be said that the co-ordination of these factors—human labour and land—would not be such an imperatively urgent problem to-day were it not for the persistent necessity of providing for unemployment in its various forms, and particularly for that unemployment which results from too rapid technical progress and from improvements in economic organisation.

### *Unemployment and Migration*

The cyclical form of unemployment, the seasonal form and the almost endemic form, are the forms contemplated by the international labour regulations put in practice since the war. These categories of unemployment ought to be remedied by the normal flow of migration and, at most, by the system of organised employment agencies.

It is well known that the currents of migration were population in relation to mineral wealth, and particularly to the mineral wealth of Belgium and England, by an illustrious French economist, Leroy-Beaulieu (see his *Traité d'Economie politique*). And this without taking account of the Belgian Congo.

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disturbed by the war and that the restraints afterwards imposed, which helped to bring on the crisis, have to a large extent dried them up.

European emigration towards the overseas countries amounted, on the eve of the war, to about a million and a half a year. Of this mass of emigrants two-thirds definitely left their countries of origin, going for the most part to the United States—which alone absorbed an annual average of more than a million—and to South America.

The war cut short almost abruptly this active exchange and transplanting of human energies, which on the whole tended to increase the productivity of industry, extended the markets for commodities and balanced the inter-continental demand for and supply of labour, eliminating or alleviating the most serious forms of European unemployment. It was, in fact, a necessary factor of adjustment, of co-ordination and of development in world economy. On the other hand, the temporary emigration, in particular that which took place on the Continent of Europe, provided for rectifying the seasonal disturbances in the labour market.

No one can fail to see what an indispensable automatic, or almost automatic, regulator of world economy the war has shattered by interrupting the flow of migration. And it is an illusion to suppose that this regulator can be reconstituted and work of itself as in the past, after the profound transformations brought about, directly or indirectly, by the war in the system of production and distribution; that it can resume its balance and its function, without first being adjusted to the whole economic system and co-ordinated with the other factors of productive dynamics and of trade.

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The cessation of the free migratory movements has not only put an end to an essential function of the economic organism which existed and worked normally before the war, but has modified that organism in one of its vital parts, thereby hastening the passage of society, after its emergence from the great struggle, to a new order of things. No fact shows more clearly than this that the work of restoration and of reconstruction must grapple not merely with functional defects but with a profound structural disturbance.

It is to be noted that the revival of emigration after the war remained greatly inferior in point of numbers to that of the pre-war years, and that the overseas emigration continually declined. In the five-year period 1926-1930, the *net* total loss of the nine European countries with the largest emigration (Belgium, Czechoslovakia, Germany, Great Britain, Irish Free State, Italy, Poland, Portugal, Spain) showed the following reductions:

1926	1927	1928	1929	1930
337,000	302,000	233,000	244,000	94,500

A very singular reversal in the movement of migration may be noted for the years 1931 and 1932 in almost all countries; that is, repatriation increased to such an extent as to transform some of the countries from centres of emigration into centres of immigration and others in the opposite sense. Thus the United States, which was formerly the most important country of immigration, appears in the statistics of 1931 with a net excess of twenty thousand emigrants, and in those of 1932 with an excess of forty-seven thousand emigrants.

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For the year 1931, leaving out Portugal, for which the figures are not known, there was an excess of returned emigrants over outgoing emigrants of one hundred and fifteen thousand, equivalent to 196 per cent. For 1932 the figures for Belgium, Czechoslovakia and Spain are wanting. For the remaining six countries as a whole there was an excess of returned emigrants over outgoing emigrants of more than one hundred thousand, equivalent to 242 per cent.

Even the currents of migration among European countries have tended to dry up, so that they are no longer able to perform the function they formerly fulfilled in the markets of the Continent, by compensating and restoring the balance in the ordinary case of sporadic and seasonal unemployment of labour. By 1931 this movement might be considered as entirely at an end.

By what processes and in what forms will it be possible in future to regulate migratory movements within the ambit of world economy? To what extent will national traditions, in conjunction with the international steps already taken by the International Labour Office at Geneva, suffice to accomplish the consolidating work which must be carried out jointly by the States? The subject is so important that we must give it a rapid glance.

We would observe, first, that it is only for mere convenience of discussion that the problem of men can be considered apart from that of the natural and concrete agents of production, that is from the problem of land, of raw materials and of capital. We have called the co-operation of these factors the *triangular co-operation* of the coming system. Now, the free movement of men can only be considered in relation to the other factors

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in the scheme, just as one side of a triangle is inseparable from the other two. The considerations which we are about to urge will not, therefore, become valid until we have discussed the other aspects of the question and, in particular, examined methods and schemes for the settlement of emigrants, which we shall now proceed to do.

### *The Legislative Restrictions*

Up to 1882 the legislation governing migration was inspired by the principle of absolute liberty. If the State intervened by imposing certain regulations, its aim was not to influence the volume of the flow of migration but to ensure compliance with certain rules of hygiene, in accordance with contemporary ideas concerning the function of the State.

Even later legislation, about 1900, in which the Italian law is conspicuous for the consistency of its provisions, was not inspired by the economic reason of promoting emigration or immigration according to the vicissitudes and requirements of the national labour markets. Philanthropic considerations, the provision of assistance, protection from exploitation by labour recruiting agents and shipowners were the reasons which prompted the countries of emigration to regulate the great annual exodus of European population, while the overseas countries which received the immigrants began to be influenced by selective principles, based on considerations of race or of physical and intellectual capacity, which more or less concealed the purpose of protecting the local labour markets.

The example of the United States, which, in 1917,



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placed illiteracy amongst the reasons for the rejection of immigrants, and afterwards proceeded to tighten the regulations with the well-known laws of 1921 and 1924 prescribing quotas, was quickly and widely followed in the legislation of other overseas countries. Thus a multitude of the most unexpected restrictive provisions appeared, which prescribed the number of emigrants, their morals, the method by which they travelled, their sex, their nationality, their religion, their occupation and so on. The strange thing was that the mania of restriction even affected countries in which economic development was and still is impeded by the sparsity of their population. Although such countries sought to attract to their shores groups of foreign workers by granting them travelling facilities, assistance in settling and legal protection, yet they persisted in enforcing a discipline which restricted the choice to the persons most adaptable, by reason of their occupational qualities, to the economic requirements of the place of destination and most assimilable by reason of their ethnic conditions, to the local population.

The restrictive tendencies which appeared in the countries receiving immigrants were reinforced by sentiments prevailing in the countries whence they came: such as the desire to keep up the numbers of the nation, patriotic distaste for the policy of assimilation and denationalisation pursued by the authorities of the adopted country, and a belief in the chances of increased employment on the land in the native country or its colonies. All these factors produced the definite result of arresting the currents of intercontinental migration.

The restraints imposed on overseas colonising emi-

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gration were strengthened by those imposed on the temporary migration of unskilled labour. Almost all the European countries among which there was a beneficial and brisk exchange of workers before the war now close their doors to workers as they close them to commodities, in the hope of reducing their growing unemployment and protecting the internal market.

How much of all this selective and protective legislation can remain in force, particularly in places suitable for colonial settlement—which is the aspect that alone concerns us—in the beginnings of the new economic system that we desire to see?

### *Present and Future Agreements*

We may say at once that this system ought to have, in broad outline, an initial legal basis constituted by the three following classes of agreement:

- (a) Multilateral agreements between the States of the countries of emigration and of immigration governing the selection of lands suitable for colonial settlement and prescribing the preparatory public works to be carried out with a view to facilitating such settlement.
- (b) Analogous agreements providing for the legal protection of emigrant or lately settled communities by various States acting in their joint capacity.
- (c) Agreements of the same kind for granting charters or concessions in the colonies to groups which would operate under the authority and supervision of the States themselves.

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We will return to points (a) and (c) in the next chapter. Dealing here with point (b), we shall proceed to show how we can employ in our proposed new system the principles already embodied in the legislation of the various countries and in the practical provisions of the bilateral and multilateral agreements governing emigration, which have assumed increasing importance in recent years.

The two aspects—national and international legislation—may be considered together to discover their essential tendencies and their spirit, inasmuch as any protective regulation contained in the agreements between two or more States, or in the existing international conventions, must have become firmly established in the juridical conscience of the contracting States. If, therefore, we glance through the series of bilateral treaties, multilateral conventions and agreements framed by international conferences, we shall discover what is now considered axiomatic by the public conscience concerning the protective arrangements which States must enforce in connection with the movement of persons and groups from one country to another.

1. The actual right to migrate is the first point which naturally formed the subject of agreements between States. The abstract idea of the freedom to migrate—which dominated the collective conscience in the nineteenth century and seemed for some time to be tacitly accepted in the written law—has been gradually supplanted by the principle of State regulation, intervention designed to maintain and promote the broad social interests which are involved in migration. Thus, starting from the common conception of social and national protection,

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which must prevail over the unrestrained initiative of individuals, the two groups of countries—that is, the countries of emigration and the countries of immigration—frequently solved their problems in opposite ways, which counteracted each other and tended to check and almost stop the mobility of large masses of men for labour purposes.

It will be appreciated that this result was bound to hasten the advent of international control, and, in the meantime, it paved the way for it by prescribing agreements among States, in which agreements freedom of migration between the countries in question formed a kind of exception to the restrictions of national legislation. Thus it is usually agreed that the country which supplies workers shall not impede the departure of its nationals, and the country receiving them shall grant every facility to engaged workers in accordance with rules agreed upon.

It should also be noted that a more liberal system is often established for the interchange of migrants among a group of States situated in one continent, or in a group of countries possessing similar economic arrangements, or exhibiting other likenesses (Latin American States, Central American States, Scandinavian States, etc.).

With regard to the multiple agreements, we may here refer to the Diplomatic Conference for the Treatment of Foreigners held in Paris, under the auspices of the League of Nations, in 1929. A draft convention prepared by the Economic Committee of the League considered the legal treatment to be granted to foreign enterprises, and secondarily, to foreign workers; but all the regulations assumed that the foreign workers were already in the country,

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and the question of admitting more of them was postponed for further examination. However, the regulations seemed to be somewhat incomplete, and, on the suggestion of Italy, it was decided that before the Conference met again the appropriate organs of the League itself, and particularly the International Labour Office, should be consulted on the problems within their purview.

The economic crisis which followed made it impossible to press forward to a conclusion this promising start, but the project must be taken up again and formulated in a more comprehensive manner.

With reference to the treaties, some of them deny or restrict the right of migration, as, for example, in the case of some Asiatic peoples, particularly the Chinese. In this respect the treaties are designed to supplant unilateral decisions, and, therefore, form part of a plan to co-ordinate the economic interests of various countries. And in this connection it is important to note that special understandings between two or more States tend to promote co-operation between the administrative departments to enforce observance of the conditions of entry and departure. A wide agreement, embracing Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay, has since 1920 regulated the joint and mutual defence of these States against undesirable immigrants.

2. Another set of bilateral and multilateral regulations govern the transport of emigrants and their possessions. Many agreements prescribe that the countries of destination shall send inspectors to the various ports, to undertake the medical examination of emigrants before they embark. As regards the actual voyage, certain clauses in particular treaties or in general conventions govern the operations

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of the transport agencies, determine the manner and conditions of transport, and provide for the inspection and protection of emigrants during the voyage, their insurance, sanitary measures, repatriations, the transfer of securities and savings belonging to emigrants. We cannot enter into details at this stage of our enquiry, as, although very important, the above considerations are subordinate to the main purpose of this work. Moreover, the very fact of the completeness of many of the above regulations would indicate that what co-ordination remains to be done will only be in the nature of extension and revision.

3. A subject of much greater importance, in view of the new legal and economic constitution of the expatriated communities, is the scope of the general regulations governing immigrants.

These regulations may be based on one of the following principles:

- (a) reciprocity of treatment;
- (b) equality;
- (c) the most favoured nation clause.

The principle of reciprocity regulates the treatment accorded in each of the contracting States to the subjects of the other State on the footing of practical identity. Thus it renders necessary continuous enquiries designed to adapt one system to the other, and sometimes involves the concession of advantages reserved by law to a country's own nationals, or to the withdrawal of such advantages by way of reprisal. Hence it is not surprising that States are reluctant to adopt this principle, which has a merely

\* For a fuller treatment, compare *La réglementation des migrations*, published by the International Labour Office, Geneva, 1929.

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negative value, or is inserted in a convention to safeguard rights actually granted and promised equality of treatment.

The principle of equality of treatment governs many agreements or clauses relating to "establishment." In the realm of multilateral agreements, the above-mentioned draft convention regulating the treatment of foreigners was based on this principle, save for certain prescribed exceptions. When it is a question of agreements which regulate the right of the subjects of one of the contracting parties to establish themselves in a colony, protectorate or mandated territory of the other party, equality of treatment may be understood in two ways: equality with the citizens of the mother country or equality with the subjects of the colony, protectorate or mandated territory. The two forms may be combined, as in the establishment treaty of 1896 between Italy and France for the Italians of Tunis.

The most favoured nation clause is the one most frequently applied in the establishment treaties, but its use involves notable difficulties. The investigations made by the League of Nations were prompted by the desire to overcome these difficulties, but they did not go beyond questions relating to customs duties, in which, however, obstacles have been encountered that have not yet been surmounted. As in the case of trade, the most favoured nation clause may bristle with reservations and limitations. One may, for example, exclude equality of treatment of the subjects of a particular country, or special advantages may be reserved.

The three systems do not always exist separately; they are sometimes found in some kind of combination. Treaties concluded by certain federal States provide examples of an intermediate system, capable of improve-

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ment, between the status of equality and the footing of the most favoured nation. It is sufficient here to note that in the establishment treaties the principle of equality with nationals is conceded as regards the enjoyment of civil rights, while the property rights of foreigners are more frequently governed by the most favoured nation system.

### *The Labour and Unemployment Treaties*

The agreements with which we have so far dealt regulate emigration in general and provide a series of rules which may be embodied in an international and systematically co-ordinated convention. We now come to the question of emigration for the sole purpose of labouring, which involves the movement of large numbers of workers. It is important for our purposes to scrutinise this subject closely because it forms the basis for our proposed new international scheme which will be framed to regulate the migration of men and to promote their settlement in the colonies.

The treaties governing the migration of workers are characterised by great variety. Some of them—the real labour treaties—lay down general rules for the emigration of labourers and determine the conditions of their stay in a given country; others—recruiting agreements—provide for organisations intended to carry out these operations, and stipulate the rules to be observed; others again make regulations for placing the workers, and lay down the conditions of their employment. It is unnecessary to discuss these various forms; we need only observe that when we are ready to establish the new international



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system, it will be necessary to make use of them all and to combine them all in complex treaties for colonial development.

In this connection we may mention a form which, because it is so comprehensive, is amenable to consolidation and extension in the future. I mean the labour treaty of 1919 between Italy and France, which the present writer had the honour to negotiate and sign. Besides the regulations which govern the arrival and departure of the workers and of their families, it makes provision for living conditions, assistance, social insurance and protection from harsh treatment, and these principles are extended in view of the future development of social legislation in the two countries. When the question of the assignment of lands to groups of colonists can be linked up with the question of emigration, the Franco-Italian treaty of 1919 will offer an example which, if suitably amplified, will serve admirably for new purposes.

It is important also to observe that in this field juridical evolution towards new forms is already taking shape. In fact, prior to the check on migration imposed by the crisis, agreements of a special character, in which one party represented the State, while the other represented great industrial companies, mining and metal-working companies, were entered into, in addition to agreements made between States. On the other hand, the Governments of the countries of immigration have frequently made agreements with colonising companies or with transport and shipping companies for the recruiting of agricultural labourers or of colonists able to cultivate waste lands.

We shall see in a subsequent chapter how much the

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new organisation can be strengthened by another form of agreement, which Italy inaugurated in 1916 and which embodied the principle of the interchange of labour and raw materials.

It will now be expedient to investigate the relations existing between density of population and emigration on one side, and unemployment on the other.

That density of population is a contributory cause of unemployment would not have been admitted when the normal outflow of population was provided for by emigration before the war. But it remains true that, if the migratory currents continue to be checked, pressure of population will play an increasingly important part among the causes which produce mass unemployment.

On the other hand, and this applies particularly to Europe, it must be acknowledged that the decline in the birthrate tends to neutralize the effects of this cause.\*

What should be emphasized, however, is that checks to the mobility of labour tends to aggravate that other form of congestion of population which Carver calls occupational and which consists in a superabundance of workers in some employments and occupations compared with some others. Perfect equilibrium among the various occupational groups is not feasible under any economic system, but the fluctuation of employment which shows itself as the normal interchange of labour is very different from the unbalanced situation inevitably caused by the closing of the frontiers to immigration.

\* It is worth while noting the opinion of Professor Hersch, who, while denying that density of population has any influence on unemployment, seems to admit that Italy is an exception. See the chapter entitled *Population et chômage* in the volume *Problèmes du chômage en 1931*, International Labour Office, Geneva, 1931.

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Normal increase of population in countries already crowded, the difficulties in the way of interchange of workers within the same or among various countries, permanent unemployment caused by technical progress and by the rationalisation introduced into industry to lower the costs of production, are all factors which tend to immobilise ever larger supplies of human labour. No question, therefore, is more urgent than the employment of this idle labour power in new productive forms, accompanied by the assignment and adaptation of whatever land is required and the tapping of natural resources not yet brought within the field of capitalistic investment.

### *The Problem of Unemployment as a Whole*

For a long time the problem of the mobility of labour has been regarded in international circles as the problem of placing workers in situations, which would seem merely to involve the co-ordination of the national employment bureaux. The failure to connect the movements of economic forces with the requirements of social reform, and to realise that the continual growth of unemployment was a symptom of the profound structural transformation that was taking place in the economic system, inevitably led to a preoccupation with the necessities of the moment. Even at a later stage of the international discussion of this problem, when an international programme of vast public works was first mooted, very little progress was made towards a real clarification of the subject and the determination of the practical task which devolved on the international agencies.

For some time public works were considered as an

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expedient designed to lighten, in some critical spots, the social burden and to allay the political and moral unrest caused by unemployment. Only later did an idea of more practical kind make headway, the notion of systematically organised public works expanding or contracting according to the vicissitudes of unemployment. But inasmuch as the seasonal forms of unemployment or, at most, the forms resulting from economic conditions, were first considered, some years will probably elapse before it is finally recognised that the question is no longer one of applying so-called "remedies for unemployment," but of setting in motion the now inert forces which would co-ordinate the whole of economic activity, and constructing a new social edifice on the basis of this co-ordination.

A milestone on the road towards a fuller understanding of the demographic and economic problem of human employment was placed by the International Conference of Emigration and Immigration, convened by the Italian Government and held in Rome in 1924. We claim it is to Italy's honour that she saw so far ahead and showed such a prompt example of the method to adopt in dealing with this difficult question. The Conference of Rome, as we shall see better later on, laid down the lines on which the related problems of placing workers, the pressure of population and colonisation should be solved. As Albert Thomas recognised, the Conference stimulated world opinion and influenced the action of the States with respect to a group of common interests which up to that moment had not sufficiently attracted public attention and, above all, had not been considered in their reciprocal relationships.

And since we have been moved to recall the name of

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our great and deeply regretted friend we may be allowed, as evidence of the progress that these new ideas have made in international circles, as a result of the impulse given by Italy's representatives, to quote the actual words which Albert Thomas wrote on the subject of migration in his last Report:\*

“These movements will be determined by economic measures, and later also no doubt by the demographic effects of the widening gap between the birthrates of the different races, and perhaps, too, by certain references to occupation or intellectual training. The second International Economic Conference, when it meets, should thus feel freed from those political apprehensions which paralysed the first, and, it is hoped, will not have so much hesitation in including migration problems in its discussions. For the present the only course of action open to the International Labour Organisation is to carry on and complete its work for the protection of the workers which at first almost seemed to be the only task within its competence, and at the same time give careful attention to examining the various movements of migration. But such examination must be undertaken still more from the standpoint of world economy than from the close standpoint of unemployment. It would appear to be impossible nowadays to isolate the phenomenon of migration: it must be treated as a factor, closely bound up with others, of economic recovery. The movements of human beings can no longer be changed unless the movements of capital and goods are changed simultaneously. To create a

\* International Labour Conference, Sixth Session, Genève, 1932. *Director's Report*, p. 36.

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revival of migration two lines of action should be pursued: existing elements should be made use of, in the light of past experience and the traditional currents of migration, but new methods should also be adopted to respond to new economic and social needs."

The problem could not be stated more clearly. But the Second Economic Conference, like the First, showed hesitations for which the idealism of Albert Thomas had made inadequate allowance. Our motive in writing this book is to encourage the study of the new methods necessary to carry out the more fruitful constructive work of the near future.

The urgent and obvious necessity of converting the merely territorial occupation of the new countries into economic occupation, which was implicitly recognised in the discussions of the Conference of Rome, invests with supreme importance the problems relating to the treatment of colonial labour and, in general, the policy of the mother countries towards native populations.

To many persons, Leroy-Beaulieu observes, it seems unnecessary to regulate by artificial means the flow of a continuous current of capital and labour from the mother-country to the colonies. These objectors seem to think that this current ought to flow in a perfectly natural manner, attracted by the prospect of higher remuneration for capital and the greater productivity of labour in unexploited regions. Nothing could be less true; and this idea, moreover, is a proof of the lightness and superficiality with which even serious and well-informed persons treat questions of colonisation. All that can be said in support of this view is that, when the colony

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becomes adult—that is, when it is fully and intensively cultivated—the current of capital and of labour will flow in adequate volume without need of artificial stimulus. But the one thing needful is to raise colonies to this level of productivity and economic return, which is a much more difficult undertaking, even in the light of the old colonial methods, than many people imagine.

### *Systems of Colonisation*

Various systems have been employed in the past to stimulate the flow of labour and capital to newly planted colonies. The oldest and most universal was for a long time that of slavery, either the slavery of native populations or that of foreign populations of inferior race forcibly brought into the new territories.

It is unnecessary to dilate on a practice which, though not devoid, at certain times and places, of economic advantages, obscured by its degrading quality, must inevitably disappear even in its most innocuous forms. The Slavery Convention, framed in 1926 on the initiative of the League of Nations, represents the unanimous moral conscience of modern peoples and States, which pronounces an absolute and irrevocable condemnation against a system of monstrous degradation of human nature; a system, moreover, which involves, together with the temporary advantages illustrated by Roscher and other economists, very serious losses and disturbances even on the purely economic side.

Immigration under contract is the system which replaces

\* Leroy-Beaulieu: *La colonisation chez les peuples modernes*. Paris, 1908, vol. ii.

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slavery, where this practice can no longer be followed, or free immigration, where labour does not flow in spontaneously. The over-populated countries of Asia, particularly India and China, have been and are the reservoir from which is drawn the labour required for plantation colonies. "Although a notable and even in many cases indispensable contribution," writes Mondaini,\* "is furnished by this exotic coloured labour to the agricultural or mining development and to the trade of certain colonies (the French West Indies, Réunion, Mauritius, Guiana, the Cape Province, Natal, the Transvaal, etc.), its social disadvantages are so great and above all are such as to render it inadvisable where it is not absolutely indispensable." In fact, the immigration of coolies perpetuates the state of things created by the system of slavery: exclusive cultivation of export products, absence of a spirit of enquiry and of progress. By maintaining that antisocial and artificial state of the colonies which may serve the interests of capitalistic undertakings, but has given rise to notorious evils, the immigration of exotic labour under contract can only remain as a subsidiary form of labour, but cannot be put forward as a suitable basis of a well-regulated colonial system such as that which must be established by future international action.

Another form, analogous in some aspects to the two forms mentioned, is penal colonisation—that is, the employment of convicts in the colony, not only to carry out public works, but also for work on private agricultural undertakings, the convicts being assigned to the colonists

\* G. Mondaini and A. Cabrini: *L'evoluzione del lavoro nelle Colonie*. Padua, Cedam.



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until the expiry of the sentence. The value of the labour of transported convicts lies in the fact that the employer can always rely on it, as he knows that the person assigned to him will not leave him. This is the side on which this form of labour approaches slavery, and this is also why it is generally preferred by grasping employers. Colonisation by means of convicts is useful mainly in those countries which possess natural advantages in the production of exportable products, such as the tropical countries and Australia; it is not, on the other hand, advisable, because it does not offer the same advantages, where production is directed towards satisfying the needs of local consumption or towards promoting forms of cultivation which do not require the investment of much capital. In the colonies that produce goods for export, what is wanted is capital, and convict labour, like slave labour, offers it guarantees which it would not find otherwise. In other colonies, purely agricultural, what is wanted is free labour, which the presence of convicts tends rather to diminish than to increase. According to Leroy-Beaulieu, penal labour is employed particularly in remote colonies, to which labour does not spontaneously flow, for public works of various kinds. When this stage is passed, transportation must be definitely stopped, in order not to compromise the moral and social welfare of the colony.

Various systems were proposed in the last decade of last century and at the beginning of the present century for introducing large masses of labourers into the colonies. Ignoring that somewhat fantastic system which might be called graduated colonisation—despatch of young navvies, then of their fiancées and of young families capable of attending to the work, and finally of the persons

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dependent on them, old and young—we shall note the systems of Paulett-Scrope, of Uniacke and of Wakefield.

The system of Scrope prescribed that the State should bear all the cost of emigration and that its advances should be repaid with the proceeds of a tax on wages. Provided they paid this tax, the labourers should be free to establish themselves where they thought fit. The great difficulty of this system lies in enforcing this payment; the workers can avoid it, in countries that abound in fertile and unpopulated land, by abandoning their first place of settlement and going into the interior of the country to work on their own account.

The second system seems even less rational; it consists in leaving an unoccupied space between the properties of the cultivators, thus forming a reserve of land to be sold when the price of land has risen through the progress of cultivation, with a view to subsidising immigration. It is obvious that this form of colonisation begs the whole question. It is admitted that the colony must have become prosperous in order to support labour, while without the introduction of labour that prosperity is unattainable.

The system most worthy of consideration and most followed is undoubtedly the Wakefield system, which consists in selling colonial lands at a relatively high price and devoting the proceeds of these sales to subsidising immigration by the payment of the passage money, while the immigrant is obliged to work as a wage-earner until he had earned the sum expended in bringing him to the colony. This method, known by the name of “systematic colonisation,” was highly successful and

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made it possible to transfer large numbers of workers, particularly to the Australian colonies, to Canada and to South Africa.

These various attempts to supply the colonies with the necessary labour were supplemented throughout the nineteenth century and at the beginning of the twentieth century by the system of forced labour, which is the successor of slavery and may assume the most varied forms of direct coercion, such as labour for the benefit of native chiefs, imposed and "commanded" labour, the military recruiting of labour, labour for purposes of public utility, and for the service of private individuals, labour with penal sanctions; or of indirect coercion, by means of taxation, legislation against begging, the obligation to furnish a certain quantity of products to the concessionaires or to the Government, the limitation of crops and so on.

Such, in brief, are the systems which prevailed in the organisation of colonies with regard to the treatment of the native population. We shall see now whether past experience, combined with present enlightenment, can supply any useful indications for the development of the new system.

After the war, the advent of the League of Nations and the successive crises to which world economy has been exposed have contributed greatly to widening the horizon of colonial policy. We shall see presently, when speaking of raw materials, what new necessities have arisen in the economic life of States and how to a very large extent these necessities could be provided for by means of the co-operation which might be established amongst them to promote that community of colonial interests of which

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the system of mandates, though imperfect, marks the initial legal form.

We may here remark that the narrowness of the European market and the urgent need to seek for new outlets for the industrial production of the old continent and for fresh sources of raw materials to supply European factories are reflected in the new order of ideas, in the new and more serious studies, in the proposals for more energetic and constructive action which may be noted in the old countries or in the colonies themselves. The crises which have broken out in the past and the more serious crisis which has disturbed the world for the past five years are powerful reasons for exploring the best methods of colonial development, with a view to solving the problem which is the pivot on which they all turn: the regulation and employment of native labour.

In colonies where production is carried on mainly with the aid of native labour, the efforts of the administration are directed towards improving the conditions of that labour by introducing better methods of cultivation and fostering local markets.

But the question also arises whether the new economic necessities of the mother country and of the colonial dependencies do not make it imperative to promote, side by side with the native farms, European undertakings financed by European capital and operated according to modern technical methods. In the past the need to promote native cultivation by means of native labour and to foster colonial development by means of the European enterprise based on native labour have been distinct and sometimes antagonistic conceptions. It often happened that the absence of an overriding authority to supervise

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the concessions provoked a demand for labour which could not be satisfied without injuring native enterprise and restricting the opportunities of local labour.

It is not, therefore, surprising that when colonial Governments are anxious to promote the welfare of native populations, they come to regard the investment of European capital as an obstacle in their path, by reason of its numerous baneful reactions upon the natives. And it must be admitted that, where the economic life of the colony is based upon agriculture, the protection of native labour against the arrogance of European capital has given beneficial results.

This must not, however, be understood to mean that we can do without European capital; quite the contrary. European capital is essential to rapid and continuous development of every kind in the colonies. We are only concerned to argue that the presence of European capital must not constitute a danger to the native sources of wealth which are in the soil and in the population of the colonial possessions. This menace has already disappeared in the mining regions, where a policy of supporting and promoting European undertakings is indispensable, but it must also be removed from every other field of colonial activity by the adoption of co-ordinated programmes which provide for the rational employment of native labour as a necessary condition for the investment of capital in the early stages of a colony's development.

The special regulations must be embodied in a general scheme providing for the following requirements: improvement of the health and increase of the birthrate of the natives; improvement and encouragement of native agriculture; recruiting of labour necessary for European

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undertakings without direct or indirect coercion or injury to the normal life of the communities concerned; adequate supervision of the conditions of labour. It is worth while noting that these enlightened ideas are widely held to-day among administrative bodies and the public. The regulation of native labour is a subject to which increasingly close attention and care are being devoted; this is a consequence of the impulse towards expansion felt by European industry owing to the crisis, and is also an effect of the work carried on by the institutions connected with the League of Nations.

### *Co-operation between Europeans and Natives*

Years ago the Belgian Labour Commission fixed the percentage of labourers who could be taken away from the native communities of the various regions of the Belgian Congo without disturbing their normal development. The conception of "economic zones," defined by a subsequent Consultative Committee in 1928, led to the demarcation of regions in which new land concessions and consequently the transference of native labour were excluded from those in which they could be allowed. The Committee at the same time laid down some important principles with regard to recruiting labour. Recruiting could only be carried out on a footing of perfect freedom, although it was admitted that an active propaganda by the administration to induce the natives to co-operate with the Europeans might become expedient,

<sup>1</sup> See *Année Sociale*, 1930, 1931 and 1932, of the International Labour Office, Geneva.

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but this propaganda should not degenerate into moral pressure on behalf of private enterprise. Analogous principles and programmes have been adopted in recent years by other colonising countries, notably England and France (in the Italian colonies no variety of compulsory labour for private individuals exists), under the pressure of the new necessities and the influence of a public opinion increasingly convinced of the desirability of affording effective protection to native labour in the new lands. It is true that these principles and programmes reflect immediate or urgent needs, but, on the other hand, there is also a strong tendency to formulate colonisation programmes which provide for the well-being and stimulate the increase of the native population.

This tendency, which is strongly marked in recent Belgian colonial policy, is calculated to assist the work of the institutions connected with the League of Nations, and particularly of the International Labour Office, which work is directed towards improving, not only for reasons of humanity, but also for the world's obvious economic advantage, the conditions of labour and of living in colonial dependencies.

The Anti-Slavery Convention of 1926 and the Convention forbidding forced or compulsory labour of 1930 constitute the first steps towards a protective action on a large scale, designed, besides fulfilling the "sacred mission of civilisation" proclaimed in Article 2 of the Covenant of the League of Nations, to encourage the economic development of the colonies. There have not been wanting criticisms of this action, in which some persons have seen a menace precisely to development of

*Année Sociale*, *ibid.*

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a wider colonial economic activity; but these criticisms do not seem to be unbiassed, and rather savour of colonising methods which by now should be considered out of date, methods calculated to yield profits to private enterprise rather than to promote the well-being of semi-civilised countries and of their inhabitants.

To protect native labour, as M. Albert Thomas wrote in 1930, means conserving that human capital which is universally recognised as being indispensable to the progress of the colonies. If the first task entrusted to the International Labour Office was that of studying the problem of compulsory labour, with a view to international regulation, it was because compulsory labour had shown itself to be injurious to the populations of the colonies. Even in this respect the Labour Office was doing a constructive work. Its efforts were directed to the twofold aim of fostering the welfare of primitive populations and of contributing to the rational exploitation of the world of the territories.<sup>1</sup>

What are the points regulated by the Convention of 1930? They are as follows:

- (a) to abolish compulsory labour in all its forms, within as short a period as possible;
- (b) to abolish immediately compulsory labour for the benefit of private individuals;
- (c) to assure protection to those who are compelled to labour on works of public utility exceptionally authorised for a transitory period;
- (d) to regulate the work of bearers;

<sup>1</sup> International Labour Conference, Fourteenth Session, Geneva, 1930. *Director's Report*.



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- (e) to abolish forced labour for the benefit of the chiefs when they do not exercise administrative functions;
- (f) not to allow the compulsory cultivation of crops except in cases of famine and scarcity.

These engagements undertaken by the signatory States, which are rendered stronger by two recommendations with a view to avoiding indirect coercion and to regulating the forms of labour allowed by the Convention, were reinforced by the invitation of the Administrative Council of the International Labour Office to examine, after a period of fifteen years, the possibility of abolishing forced labour in all its forms.\*

### *Forms of Future Colonial Administration*

When slavery and the system of forced or compulsory labour which followed it have been abolished, the time will have come to draw up a series of regulations, common to the European colonising States, to be applied by way of mandatory organisation, and designed to harmonise the twin requirements of the maximum hygienic, moral and economic protection due to the native population and the development of the countries inhabited by them and opened to a real and fruitful economic penetration on the part of Europe.

A vast field of immediate activity is here offered to the wise, provided not too pious, care of the International Labour Office. Penal labour in the colonies is, in our opinion, a question which must soon be submitted to

Mondaini and Cabrini, op. cit.

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international discussion by the League of Nations. The work of developing areas in districts which are still inhospitable and difficult of access may well be entrusted to squads of convicts, humanely treated and encouraged to impose moral discipline on themselves, to the workers and colonists who will replace them and, in general, to the economic arrangements of the country thus brought under cultivation.

The institution of the short-term contract exempt from penal sanctions is another subject to which the study and the constructive effort of the International Labour Office must be directed; the road has already been made smooth for its work by a series of provisions introduced in various colonies to abolish or to mitigate long-term labour.

And yet another, that of the crops to be cultivated by native labour for its own account, must be the subject of joint study by the International Labour Office and the International Institute of Agriculture, so as to determine clearly in advance the conditions of the effective protection which the States must assign to themselves. The economic conquest of Africa, of which we shall speak later, and which must in our opinion be the first fixed goal of a policy of co-operation and afterwards of union between European countries, is bound up with this fundamental necessity of protecting the native populations.

"The object of colonising penetration," Marshal Lyautey justly affirms, "is not to dispossess or to assimilate the native, but to associate with him, equipping him in a modern way." In these words is contained a programme of intense colonising activity which can only be carried out by the co-operation of the States based

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on the co-ordination of their resources and economic possibilities.

From the considerations we have thus rapidly noted it seems that the methods which may be adopted even in a future system of colonial development much more fruitful than the present system (apart from the barbarous methods of slavery and forced labour), are those of systematic immigration and convict labour. Both forms are, however, only expedient in the initial stages, as Leroy-Beaulieu rightly warns us, and are to be used with all circumspection in either case according to the requirements of the countries in question.

This choice and this adaptation of systems of colonisation and administration to the character of the countries, of the soil and of the inhabitants cannot be the task of a single generation and must be the result of a predetermined policy of economic co-operation among States, and in the first place among the European colonising States, as we shall see better presently.

## CHAPTER III

### THE LANDS

#### *The Sparsely Populated World*

AFTER the problem of the men comes that of the territory; the problem, that is, of the places in which the human race can live most advantageously and most usefully for all. The two questions, as we have said, are mutually complementary and the one is correlated to the other.

It is regrettable to think that in the present day, after so much progress in scientific and mechanical civilisation and in lofty intellectual speculations, immense tracts of land, though not under inclement skies, still lie deserted or barely touched by primitive forms of human labour; that boundless plains give scanty grazing to herds of horses and buffaloes and malarial fevers to their scattered human inhabitants; that large masses of men do not find means of obtaining on their own land the indispensable necessities of life and are prevented from seeking them in other lands. And all this occurs while raw materials and products accumulate, while natural forces and powerfully equipped industrial buildings remain idle; while on the other hand vehicles and ways of communication rapidly increase together with all those other means that facilitate in every way the life of the human community.

If this condition of affairs is not the supreme condemnation pronounced against itself by the system by which the production, exchange and appropriation of goods are

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now conducted; if no other system can be devised by which the work of men can be combined so as to aid men in the search for more suitable means of assuring the very foundations of their communal life, then it must be concluded that man is not the master—as the brilliance of his discoveries would unquestionably prove—but the passive instrument of the forces of nature, at any rate in social matters, and that every attempt by thought or by action to improve the lot of communal life must be defeated by the law of an inexorably adverse destiny. Or rather of a perverse destiny, because for the primordial biblical condemnation of “the sweat of thy brow,” to which was joined the certainty of gain and of the satisfaction of needs, would be substituted, for a large part of the human race, an incomparably sterner condemnation: “Thou shalt not labour.”

Fortunately many believe that this kind of anathema cannot exist in the natural order of things and that we are passing through a stage of social disorder on the road to an unfailing improvement, to which, however, will and action must contribute.

“All the continents that I have visited, and by now I do not know which to except,” says the Italian geographer and explorer, Father Giuseppe Capra, “have lands which are only waiting to be occupied and cultivated. We crowd ourselves on a small area, we quarrel amongst ourselves, if it is necessary, for a few acres of land, while there are in the world millions of acres which do not belong to anyone, from the fact that no one cultivates them and that they are not made into a dwelling-place for men.”

A rapid glance at the second of the two maps presented

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as appendices shows in what a backward state the inhabited world is with regard to the economic utilisation of its resources; and a comparison between the two maps shows how the parts least utilised are naturally those which are most thinly populated.

Confining our enquiry for the present to the agricultural use of the land area, we can assert that, setting aside, in regard to the historical order of cultivation, Ricardo's theory of diminishing returns, according to which cultivation passes successively from the most fertile lands to the least productive (an interpretation which might hold good for some time by reason of incidental historical circumstances, but only has the value of a hypothesis incapable of proof), it must be admitted that it is not the economic considerations inherent in the uncultivated lands alone, relating, that is, to the possibility of deriving from them a return which compensates or more than compensates for their cultivation, which prevents men from endeavouring to put them to full economic use. The impossibility of settling on the lands with the necessary capitalistic equipment keeps men at a distance from territories that could advantageously receive them; and this impossibility, in its turn, does not depend, as we shall see later, on the lack of capital, but on a series of other obstacles due to the political and social organisation of the present day, obstacles which may be summed up in the want of connection between the factors of production.

According to Father Capra, the regions best adapted for colonisation are to be found in the tableland of South-central Africa (territory of British and Portuguese Nyasaland, Tanganyika, Katanga, Rhodesia, the region

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of the great lakes, Huilla, Benguela, the Loanda tableland), in the tableland of Anatolia, in Australia (the mountainous districts of Victoria, New South Wales and Queensland), in South America.

A collection of recent and carefully selected figures regarding the availability and the varied possibilities of the still undeveloped lands will be found in the Appendix. We think that we have kept a just mean between general statements, which savour rather of literature for tourists, and a host of statistics which it would have been possible to compile from a series of copious and authoritative documents.

### *The Necessity of Equilibrium*

This special information serves to confirm the opinion that for the gradual increase of population, for the demobilisation of labour rendered necessary by the improvement of industrial technical methods, there will certainly be no lack of new regions to occupy, and untouched agricultural and mineral resources from which to draw profit. What is lacking and will be lacking for some years, though it is to be hoped not for ever, is the power of combining and co-ordinating the various forces which ought all to be directed convergently upon the aim of raising the standard of economic and social life of the different nations.

On the other hand it is clear that when undertakings solidly financed and fully equipped can be formed to direct nuclei of surplus population to new lands, the choice of these lands will be guided by the precise indications of a land register and of a colonial sociology which have

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already made much progress in recent years. The technique of the enquiry into and study of the physical, economic and social factors of the various regions where the human factor can be propagated is already in full operation and has all the characteristics of a strictly scientific process, to which considerable impulse has been given by the progress of the science and practice of colonial and tropical agriculture.

Let us here pause for a moment to recall what we said at the beginning with regard to the possibility of gradually, not immediately, bringing into being the new economic system which must prevail; of the possibility of applying it, not as a remedy for the present crisis, but with a view to an improvement in the form of social life. We do this because without such a warning others might perhaps smile and deem foolishly naïve the assurance with which we recommend more extended cultivation, more intense investment of human labour and of capital in the land, when the markets are glutted with products for which one does not know how to find outlets and of which large quantities are in many cases destroyed. And certainly it must cause surprise, if one thinks of this or that product, that one dares, for example, to recommend an increase of colonising undertakings in Brazil, when it is well known that the principal task of the Brazilian Economic Council is at present to provide for the systematic destruction of its great product, coffee, which affects the whole economy of the country.

However, the co-ordination which we propose would tend, as it was progressively put into effect, to remove the too marked inequalities and discordances between the various parts of the system, inequalities which the system



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no longer succeeds in eliminating automatically and which are the cause of the occurrence, the prolongation and the intensification of crises.

In reality, when one speaks of overproduction and attributes to it the present distress and disasters, it would be a gross mistake to think of a general overproduction. If the overproduction were general and occurred in all sectors of production to the same extent, it would not exist! It is a well-known principle of economics that products are bought with products, whatever may be, and however complex, the system of the means of payment, immediate or deferred. This means that the purchasing power is nothing less than the quantity of goods that are produced, and that if these goods are all increased in the same proportion, all will be absorbed by consumption or by industrial use.

The surpluses and the shortages which disturb the course of economic movements are those which occur in some or in several sectors, and only by the various effects on profits and on the employment of labour can they assume the appearance of general depressions. The very principle of co-ordinated economy implies that these partial surpluses dependent on the disturbed circulation and employment of the factors of production shall be reduced to very small and negligible proportions.

## *The Legal Position of Foreign Communities*

Similarly to what we have done in the preceding chapter, we must briefly examine the legal aspect of the question and see what principles have been evolved in the autono-

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mous laws of the countries with lands capable of being colonised and in the practice of international agreements not with regard to emigration in general, but with regard to the specific problems of colonisation; principles from which it may be possible to take the initial steps towards the elaboration of wider and more comprehensive provisions for safeguarding the future organisation which we contemplate.

In general it may be noted that one of the problems to be considered with the greatest attention for the practical application of our project is that of the legal position of the foreign communities which must be established in countries with available lands.

The first question that arises is certainly that of the relations between the land and the settler.

In particular it would be desirable that in every country the cultivator should have the opportunity of becoming the owner of the land assigned to him, in order that he may become increasingly attached to it. It would be necessary, therefore, to recognise his right to acquire and to possess rural landed property. Now not all States allow this right to foreigners. Thus the following countries—Afghanistan, Albania, Bulgaria, China, Latvia, Persia, Rumania, some States of the United States (Alabama, Missouri, North Carolina, Vermont), Sweden, Turkey, etc.—prohibit foreigners from possessing rural landed property.

In some countries, on the other hand, this prohibition is limited only to State lands (for example, Guatemala). Other countries, on the contrary, allow this right to foreigners only if they have been settled in the territory for a certain number of years (for example, Siam, Cali-

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fornia, Kentucky, Illinois). In certain States of the United States the acquisition of rural property by foreigners is allowed only on condition that they acquire American nationality within a certain number of years (for example, within seven years in the State of Washington), or declare that they wish to acquire it (Arkansas, South Carolina, Delaware, Maryland, New York).

In Mexico foreigners who intend to acquire land must make a declaration by which they pledge themselves to regard themselves as co-nationals and not to appeal to the protection of their Governments in matters relating to the land itself. For certain special lands (those included in the so-called prohibited region), acquisition on the part of foreigners is only allowed if they obtain Mexican citizenship within six years from the acquisition.

In the mandated territories the acquisition of rural property is, in general, allowed also to foreigners.

This rapid glance at the régime of rural property in relation to foreigners in the various countries shows a great variety of systems and makes it clear that this problem, too, would need to be carried into the international field in order to obtain, as far as possible, a uniform régime in the various countries which might adhere to the contemplated programme of co-operation.

As to the solution to be given to the problem, there seems to be no doubt that it must be directed towards the recognition of the full right of possession on the part of foreigners admitted to settlement, the condition of compulsory acquisition of local citizenship being in any case eliminated. It is evident, in fact, that on the one hand one cannot deprive the cultivator of the land of the hope of becoming the owner of it, and on the other hand one

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cannot compel him to abandon his own citizenship, as thereby his most sacred moral heritage would be violated.

### *The Granting of Lands in the Systems of the Various Countries*

As regards the territories most easily accessible for settlement, a panoramic view shows us at once the following general characteristics. The laws and regulations regarding the sale and leasing of uncultivated lands relate to grants of public land or lay down the conditions to be observed when such lands are granted to private individuals by colonising undertakings, for the most part railways, which are already in possession of them. The administration or the body to which is entrusted the direction of national colonisation has also the duty of supervising the formation and carrying out of the various programmes. Special facilities may be granted in respect of the transport, the subsidies, the exemptions or relief from taxation in favour of individuals or groups which settle on private property. The free lands belonging to the State are granted for cultivation on more advantageous conditions than the privately owned lands, and when it is desirable to attract nuclei of foreign population there is privileged treatment in favour of foreign immigrants. The gratuitous grant of land to be brought under cultivation has become steadily less frequent as the public lands become exhausted. The provisions in force which regulate these grants in various countries have, therefore, in some cases a merely theoretical value or a practical value only in proportion to the actual amount of land

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available. The principle, however, remains, and it is a fact that some States endeavour by every means to reconstitute the reserves of public land for purposes of colonisation, with a variety of legislative and practical procedure. It is worth while to note this important point.\*

Confiscation of lands occupied without a valid title of permanent property, formation of "reserves" for native tribes and consequent release of lands to be granted for rational cultivation, clearing of forests and draining of marshes, expropriation and division of lands left uncultivated or not well cultivated by their owners, are the most usual means by which the State authorities obtain lands which can be applied to the installation and working of colonies.

The laws often determine the area of land which can be granted to any individual or family group; this is done in order to avoid the evils often caused by the grant of large blocks of land. It is also laid down that a new plot of land may be granted to the same individual or the same group, if the land already occupied has been suitably brought under cultivation. Conversely, in the legislation of some countries there are effective provisions for obviating the opposite disadvantages of excessive subdivision.

Other provisions concern the payment by instalments for the land sold, as well as the loans to facilitate the purchaser in carrying out the initial works of installation and the acquisition of the requisites of cultivation. Such loans are granted directly by the State and are made by special mortgage credit institutions.

\* For fuller details, see *La réglementation des migrations*, International Labour Office, vol. ii, pp. 358 et seqq.

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## *Emigration and Immigration*

At this point we must indicate the importance of the Conference of Emigration and Immigration held in Rome in 1924 under the auspices of the Italian Government. In this Conference the problems of colonisation were officially introduced and were set out in a detailed report of the Italian delegation. The principles which were enunciated were as follows:

(a) *For States of emigration:* To encourage settlement in those countries in which the conditions of soil and of climate are suitable for the new settlers and which offer adequate facilities and guarantees; to allow the departure as colonists only of nuclei composed of persons fitted for agricultural work in general or in any way suitable for the special requirements of the lands to be colonised, in conformity with the special understandings which shall be entered into, as may be required, from time to time, between the countries in question; to provide for the recruiting of families or nuclei of colonists who possess the desired requisites, in accordance with the requests made by the States of immigration or by undertakings having work to offer, adequate capital at their disposal, and the necessary organisation.

(b) *For States of immigration:* To allow easy access to free lands and public lands; to facilitate both the separate nuclei and the colonising undertakings by the grant of blocks of land and by provisions calculated to facilitate the settlement of the colonists by means of financial aid, settlement premiums, repayment of the costs of transport, exemption from customs and duties, and introduction of implements and working material; to encourage

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the association of national capital with foreign capital and the formation of colonisation undertakings and to allow full liberty for the employment of the returns obtained by the settlers; to put into effect all provisions relative to the moral and economic condition of the settlers and particularly to promote the spiritual and cultural interests of the settlers themselves, and thus to facilitate their entry into the life of the nation where they reside, without, however, destroying in them devotion to their country of origin; to render their naturalisation possible without insisting upon it; to facilitate the entry of persons related to the settlers; to guarantee by legislative measures the free exercise of individual liberty and of liberty of association by the settlers, and the security of the titles of property acquired by them.

It is to be specially noted that the collaboration of foreign capital with local capital was recommended in establishing the immigrant labourer on the land, so as to create moral links and understandings founded on common interest and rendered fruitful by the common desire to protect the new settlers.

Amongst the various forms of emigration this was strongly advocated by the Conference, which accepted the principle laid down by the Italian delegation, as that which can best satisfy the countries of origin, which see the lot of their emigrating sons improved, and the countries which receive these new forces by which their wealth and their power will be increased.

## *The Land System in the Colonies*

The question of the land system in colonial possessions merits at this point a special note, because it will serve

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us as a reference to complete our remarks when in another chapter we shall speak of European policy in regard to the colonisation of Africa.

On this question ideas are rarely clear. Thus many speak of the native land system as if it were a system of purely communistic ownership or were something akin to the collective organisation of the "mir" in Russia under the Tsars. The fact is that in Africa all forms of ownership are met with, both collective and undivided ownership and individual ownership. But one must understand the exact meaning and value of these terms, because they do not correspond precisely to the conceptions relating to the historical and legal evolution of European property. A certain area of land capable of being cultivated will be collective in the sense that it will belong to a family, but a member of the family who may produce by his labour something which is clearly visible and can be individuated in a portion of that land acquires the right in respect to this something apart from the other members, and has accordingly the consciousness of the special appropriation which his work on the piece of land cultivated by him confers upon him.

Except for unimportant variations, the native land system can be thus outlined: (1) No land is vacant or without owner, and the lands which seem most uncultivated are either lying fallow after a cultivation which may date back for many years, or are really uncultivable, or are subject to the exercise of the right of hunting, of transit and of gathering. (2) No one has a right of eminent domain over the land. The great native conquerors of the past never appropriated the land, which



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belongs, according to local beliefs, to God or to a divine Being. (3) In the portions of land which the natives have selected and cultivated for centuries all forms of land tenure are in force as regards their use.

All this shows clearly how mistaken are that legal doctrine and that administrative practice which declare to be vacant all the native lands of which the ownership is not registered. We are still far from the establishment of a land register, but in its absence it is necessary, as an acute writer on colonial matters and administrator of colonies warns us, to avoid misunderstandings and confusions, which give rise to very serious troubles, as, for example, dispossessing settlers in order to preserve for the natives a mere right of gathering or of hunting, or suppressing the most sacred and most easily proved rights of groups of native cultivators, in order to maintain some undertaking of European settlers the future success of which is doubtful.\*

It is necessary, though not yet with cadastral operations, which will be the work of a more advanced European colonising civilisation, to set ourselves to the urgent task of proceeding to the recognition and registration of the lands inhabited and cultivated by the natives and of those which, apparently vacant, they allow to lie fallow in order to cultivate them later. This task, to be adequately carried out, requires the co-operation of all the colonial States and could undoubtedly be the subject of a preliminary understanding among them in view of that future collective administration

\* R. Delavignette: *Les pratiques agricoles indigènes en Afrique occidentale française*. Report to the Sixth International Congress of Tropical and Sub-tropical Agriculture, Paris, July 1931.

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of the African mandates of which we shall speak presently and for which the time will be ripe before many years have passed.

### *Land Tenure and Systems of Cultivation*

If from the land system we now pass to the tenure and methods of cultivating the lands and to the economic aims of cultivation, we see again how many other burdens weigh upon European colonisation in territories occupied but not developed, which cannot be adequately dealt with in the absence of an organic and co-ordinated policy which avails itself of the experiences of all and works for the common benefit. This policy must begin by taking account of the changed spirit of the native populations, which, owing to military enrolment and the need which the European States felt, during and after the war, of asking the colonies to supply deficiencies in the production of the mother countries, have realised the economic strength which lies in their hands and in their lands. The native has thus learnt that his work will be better rewarded if he labours in the midst of the tribe, in the reserved lands, around the villages; this, moreover, fits in with his reluctance to any constant, sustained effort, to be made in a specified time.

This condition of things tends to keep the native more and more in the reserves and to promote the more remunerative crops to the injury of the general economy, in respect of which the maladjustment in the production of goods increases. This works out to the detriment of the colonial population itself, whose most urgent

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need is to extend the cultivation of food-crops as well as to the detriment also of the industrial enterprises which experience a shortage of native labour, difficult to replace by European labour, at any rate in certain kinds of work, or by the importation of exotic coloured labourers.

This problem of the overproduction of native goods, too, cannot be studied and properly solved except on international lines and in relation to that vaster problem of the complete co-ordination of economic forces which is the subject of this book.

As regards native agriculture, considered within the limits of individual farms, it is well known that its distinctive characteristic is the scantiness of the yield obtained by the primitive methods of cultivation. The hazards of the climate and other hostile natural agents, the fatalistic and indolent spirit of the natives, the want of other than the most rudimentary implements, explain the misery and degradation of the population as well as the hold which usury has over them. Suitable agricultural implements, improved seeds, fertilisers, loans for the purchase of live-stock and for the expenses of cultivation, pecuniary relief for damage caused by unforeseen events, are the primary needs of this economy.

It is necessary, therefore, that the new systems of European colonisation, founded on association of the native element with the white element, should be supported by a credit organisation capable of supplying these needs; of granting, that is, short-term loans for the expenses of cultivation of annual products, of long-term loans for the acquisition and preparation of land; facilities to co-operative societies for purchase and sale; advances in cases of unforeseen losses. There exist in

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the colonies institutions which provide for some of these necessities; what is important is that the special experience gained should be co-ordinated in such a way as to form a concerted programme of colonial credit policy.

The organisations already devised by the League of Nations and by the International Institute of Agriculture for agricultural credit in general—of which we shall speak presently—which only the difficulties of these recent years have prevented from being carried into effect, will certainly be able to shoulder this task of colonial credit. Before this can be done, however, precise information as to social and economic centres must be obtained and native agricultural economy must be systematically studied. We cannot do better than conclude these observations by drawing attention to what Professor Armando Mangini, a distinguished expert, had to say on the subject at the Sixth International Congress of Tropical and Sub-tropical Agriculture. "This subject," he said in a well informed report,\* "precisely because it is very vast, complex and, in certain aspects, delicate, lends itself admirably to methodical development on international lines. It would be desirable to study in their essential features the programmes of work to be carried out in the common interest and to secure that, at any rate in the tropical countries of greater economic importance, the main researches should be pursued on parallel lines according to methods as nearly as possible uniform for ascertaining and elaborating the data."

Professor Mangini suggested, and the Congress recom-

\* Mangini: Bureaux d'enquêtes documentaires sur l'économie rurale des pays tropicaux. Report of the Congress referred to, vol. i.

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mended in an important resolution, that this vast work should be entrusted to the body which is naturally the best qualified and is technically the best equipped to assume it and to carry it through: the International Institute of Agriculture. It is here in order to recall, in fact, that the Scientific Council of the Institute, inaugurated by Mussolini in 1926, includes a Committee for Tropical and Sub-tropical Agriculture, composed of the most distinguished colonial agricultural experts, which has been working quietly for some years on important problems affecting the progress of native agriculture. It should, therefore, be legitimate to hope that a small portion of the expenditure which the Governments lavish on international exhibitions and conferences of very doubtful utility will eventually be used to strengthen the financial position of the greatest centre of agricultural knowledge in the world, so as to enable it to take action on a larger scale for the benefit of all the colonial countries and of their mother countries.

In the meantime, it is worth while to note that, notwithstanding the very scanty means at its disposal, the Bureau of the Committee of Tropical Agriculture of the International Institute of Agriculture, at a meeting held in November 1931, considered the resolutions of the more recent international congresses, including that of Paris, regarding the work of the Institute itself in the matter of colonial agriculture, and laid down a programme to be immediately carried out. The same meeting, after submission by Professor Mangini of a full report on the urgent necessity of a comparative international study of old and new methods for improving native agriculture, requested the Institute to invite all the interested Govern-

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ments to collaborate with it in an enquiry of so great importance and likely to have results so fruitful for world economy, and the Institute arranged accordingly.\*

As will be seen, the plans for international co-operation based on the principle of economic co-ordination which we are expounding in these pages—although impeded by forces inherent in the degeneration of the capitalist system—can, under the guidance of other sound and active forces, find a support in the labours which are already proceeding, silent, assiduous, often unknown, in certain international fields.

In the legislation of various States, which possess territory fitted for the colonial settlement of large numbers of immigrants, and in the tentative international measures, we have found results which may serve as a basis for the legal elaboration of the system which we are describing. But still more instructive data are made available for the more effective economic exploitation of lands at present yielding little or nothing, by that post-war organisation which takes the name of the mandatory system. This is particularly important for our enquiry and we must discuss the subject in some detail.

### *The Mandatory System*

The origin of the system is well known. One of the tasks of the Peace Conference was to provide for the administration of the non-Turkish provinces of the Ottoman

\* International Institute of Agriculture: *Documentation concernant les réunions du Bureau de la Commission pour l'agriculture des pays tropicaux et sub-tropicaux du Conseil international scientifique agricole*. Rome, 1932.

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Empire and of the former German colonies, which during the war had been occupied and administered by the allied troops. The principle laid down for the future administration was that all these territories should be administered by various Governments on behalf of the League of Nations; a system, therefore, of national responsibility subject to international supervision. Article 22 of the Covenant of the League of Nations, which laid down the system, also indicated the different forms which the mandate must assume according to the state of development, the position and the economic conditions of the territories to which it was to be applied. Hence there are three groups of mandates: A, in the Near East; B, in Central Africa; C, in West Africa and in the Pacific. The total area of the territories under mandate is 3,221,386 square kilometres, the number of inhabitants is about 18 millions, and the annual trade amounts to about 4,000 million liras (£70,000,000).

The distribution of this territory was effected on principles very much open to discussion and keenly debated by the Supreme Council of the Allies on May 7, 1919. Let it suffice to say here that those principles do not in the least correspond to the rule fixed by the Covenant, namely that "the tutelage of such peoples should be entrusted to advanced peoples who, by reason of their resources, their experience or their geographical position, can best undertake this responsibility, and who are willing to accept it." This tutelage was divided among Great Britain, France, Japan, the Union of South Africa, New Zealand, the British Empire and Australia. As a result of subsequent negotiations, the provinces of Ruanda and Urindi were detached from the ex-German territory

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of East Africa and assigned to Belgium. Italy remained excluded from the exercise of this tutelage!

The limits and the conditions of each mandate, the degree of authority and tutelage assigned to the mandatory Power, are defined in each separate case by the Council of the League. There are, however, rules laid down in advance which are valid for all the mandates, or at any rate for all the mandates of one group, and there are general regulations of the League which govern the whole system.

An important rule laid down for the mandates of Group B is that the mandatory Power must assure equal opportunities for the traffic and trade of all the members of the League. Now, if the exercise of the tutelage is conducted on behalf of the League, it cannot be understood—or it can be too readily understood—why the same principle was not extended to the two other groups. The rule which characterises the mandates of Group C is that the territories comprised in this group shall be administered as integral portions of the territory and under the same laws as the mandatory Power. This form of incipient annexation, without the explicit admission of the principle applied to the mandates of Group B, justifies every restrictive interpretation to the detriment of the trade of other members of the League of Nations, and converts these mandated territories into actual colonies; the sole obligation of the country to which they are assigned being to present an annual report to the League on their administration.

The right of petition allowed to the inhabitants of the territories under mandate is another principle which, after long discussion, was accepted on January 31, 1923,



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by a resolution submitted by the head of the Italian delegation, Signor Salandra. "It is obvious," he said, "that as the administration would be carried on by the mandatory Power, it might remain deaf to the appeals of those who are directly or indirectly interested in the just application of the principles of the Covenant." This right, extended by a special measure to persons who are not inhabitants of the territory, obviously applies to all three groups of mandates.

It is not the same in regard to the legal system applicable to land, which is what now most concerns us. The principle put forward by the Italian delegation and adopted was the following:

"Legislation regarding landed property shall respect, as far as possible, customs in force in the territory and the interests of the native populations. Land and real rights belonging to natives cannot be transferred to non-natives without the consent of the local government; and no claim to the said lands can be created for the benefit of non-natives without like consent." In fact, however, while the principle was almost always respected in the mandates of Group B, in the mandates of Group C, and particularly the most important territory—that of South-west Africa—it has not been observed. The Government of the Union of South Africa, to which the administration was entrusted, has always continued to hope for complete annexation, and "the policies and practices that have been followed in the mandated area have been in general such as would have been pursued had that annexation actually taken place."\*

This is also the case for the territorial segregation of

\* Nick P. Mitchel: *Land Problems and Policies in the African Mandates of the British Commonwealth*. Louisiana State University Press.

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the native race. Here the problem, which is closely connected with the preceding one, is even more complicated, and all the long and heated discussion on African colonial policy with respect to the natives is reopened in connection with the future legal systematisation of mandatory administration. It is desirable, however, to add immediately that, even for the C Group of mandates, the Covenant of the League of Nations safeguards the interests of the native population in respect of their right to cultivate and own land, as well as of their manner of living and opportunities to participate in the advantages of the civilisation introduced by Europeans.

We may here cite the principles laid down in 1926 by the Conference of Governors of the British East African Dependencies, which ought to serve as a basis for the future general systematisation of the mandates:

1. Wherever a native population exists, sufficient land should be secured to it to afford full opportunity for economic stock-breeding and dairy-farming, or for the production of crops, according as the tribal bent is for pastoral or agricultural pursuits.

2. European colonisation should be encouraged wherever the climate is suitable and adequate areas are available for settlement, without depriving the existing native population of sufficient land for its own use.

3. The area of land reserved for a native tribe should be sufficient to accommodate the whole tribe together, so that where a tribal organisation exists it may be preserved and improved; and where none exists, some form of native institutions may be gradually developed.

The system of the mandates, of all the mandates B and C—the form of mandates A was to be that of mere assistance to a country soon to acquire complete inde-

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pendence—must comply with these urgent requirements of general economic and civil progress, if it is desired that Africa should be opened to active colonisation and not merely to a colonisation of occupation and sequestration like that carried out up to the present, with the object of mere capitalistic exploitation, by the majority of the States of Europe.

The bodies which supervise the working of the system of mandates are the Permanent Mandates Committee, with a corresponding section of the Secretariate of the League of Nations, the Council and Assembly of the League, and the Permanent Court of International Justice.

This organisation, provided there be a substantial transformation of the system of mandates in regard to the distribution of the exercise of tutelage amongst the most progressive nations, the introduction and observance of certain principles necessary to guarantee the best colonial interests of all countries and the native populations of Africa, adequately supplemented, as we shall show later, by the special functions of bodies connected or associated with the League for the specific interests of agriculture and of labour, will gradually become a most important administrative branch of the system of co-ordinated economy which must govern the future productive activity and commerce of the nations. Practical experience and the legal experience to arise from the legislative measures of various separate States will all be turned to account in devising this comprehensive system.

The process of transformation will be effected gradually, as we shall show later in connection with the co-ordination of European economy.

## CHAPTER IV

### RAW MATERIALS AND ECONOMIC COMBINATIONS

#### *The Natural Inequalities*

THE distribution of raw materials is notoriously very unequal as between the different countries of the world, and this is notably the case with minerals, for few of which, moreover, modern chemistry has found substitutes. Their scarcity in some territories is a cause of grave anxiety to the nations which cannot secure supplies of them and is one of the principal reasons for apprehensions, friction and conflicts.

We refer the reader, so far as this subject is concerned, to the latter part of the volume, where he will find a series of special statistics relating to the geographical distribution of raw materials.

It will be seen from these tables that the United States and the countries of the British Empire are in an absolutely privileged position. They all appear as abundantly supplied with coal and iron-ore; the United States possess, in addition, considerable quantities of petroleum, copper, lead, zinc, silver and cotton; the countries of the British Empire hold the primacy in tin, gold, rubber and jute, but with this disadvantage, that these resources are scattered over the various continents.

#### *The Supplies of Raw Materials*

The war gave fresh importance to the problem of the supplies of raw materials because it was seen that, not-

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withstanding all the ingenuity of technicians and of the German factories in manufacturing substitutes for natural materials, the insufficiency of German production was not one of the least of the reasons for the victory of the allies. Even before the armistice, Italy and France, anxious about the organisation of their supplies, insisted that the system of joint supplies and their distribution in proportion to the needs of each country, a system which had given good results during hostilities, should not be at once abandoned after the war. A beginning was made in the study of a programme for carrying out this system, but nothing more was done and the Raw Materials Committee of the Peace Conference confined itself to passing a resolution according to which foodstuffs, coal and other raw materials on which the economic and industrial life of the nations depends should never be monopolised, nor should export duties be imposed on them by the countries which possess them, nor should they be sold at prices likely to create privileged conditions. But the recommendation was destined to remain ineffective, and soon afterwards England took advantage of her privileged position in respect of coal, which the French, Belgian and German mines were still producing in reduced quantities, in order to supply her factories with fuel at prices lower than those demanded for fuel intended for export.

Viallate, to whom we are indebted for this commentary,\* recalls how this selfish policy, blamed as dangerous by many far-seeing Englishmen and deplored by the *Economist* on account of "the enormous profits obtained by

\* Viallate: *Le monde économique*, 1918-1927. Paris, Marcel Rivière, 1928.

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exploiting the needs of the starving foreign markets," provoked protests even from Italy and a resolution of the Supreme Economic Council, which met in Rome in 1920, condemning the practice of charging differential prices on exported coal.

In the same year the International Chamber of Commerce, at its first meeting, held in Paris, similarly declared: "In view of the general menace which arises out of the application of differential prices calculated to form a monopoly for the exclusive benefit of the countries that produce raw materials, the Chamber calls the attention of Governments, as well as that of commercial and industrial associations, to the danger of the conflicts to which such monopolies may give rise."

We were, as may be seen, very far from that state of things of which President Wilson spoke when replying in August 1917 to the Pope who had asked what were the intentions of the belligerents: "equal rights for all peoples, great and small, to share, on just conditions, in the economic wealth of the world."

### *The Enquiry on Raw Materials*

No account of this problem would be complete without mentioning the important part that Italy played in it.

Even before the resolution of the Economic Council, in 1919, at the First International Labour Conference, held at Washington, the Italian workers' delegate had raised the question of raw materials in connection with the requirements of emigration. He pointed out that on the one hand there were countries which possessed considerable quantities of raw materials and, on the

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other hand, countries with an abundance of labour. Was this labour to be compelled to emigrate to the countries where the raw materials existed? Would it not be more just and more humane to place the raw materials at the disposal of the countries where labour is abundant? If it were true that men should be spared the pain of exile and that they were better citizens in their own country, the answer could be in no doubt. If the majority of the delegates approved this point of view, the Conference ought to accept the conclusion of the minority of the Sub-committee, which was to call the attention of the League of Nations to the equitable distribution of raw materials as a means of preventing unemployment.

It will be apparent from what we have already said, and will be even more apparent from what we shall presently say, that merely bringing together raw materials and the labour that is in excess of national needs is not enough to correct the evils of world economy. But the merit of the Italian proposal, at a time when mass unemployment due to mechanical improvement was not so obvious as it is to-day, consisted not in the actual remedy offered, but in pointing the direction to be taken in the consideration of economic problems by the International Labour Organisation.

As a consequence of this Italian attitude, in the following year the Council of the League of Nations, meeting in Brussels on October 25, 1920, passed the following resolution, after considering a vigorous report presented by Signor Tittoni:

“The Council, considering the difficulties which many countries experience in securing the imports of raw materials necessary for their well-being and even for their existence,

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instructs the Economic Section of the Economic and Financial Committee to study:

“(a) the extent and the nature of these needs;

“(b) the causes (other than those which depend on the want of credit and on the fluctuation of the exchange, already studied by the Conference of Brussels) to which these difficulties are due. Special attention to be given to the consequences of monopolies.

“The Council invites the Committee to present to it as soon as possible a report on the conclusions of the enquiry, such report being indispensable for the further deliberations of the forthcoming World Economic and Monetary Conference.”

This resolution, strengthened by a similar resolution voted by the Assembly, was the origin of the enquiry carried out by the General Secretariate of the League of Nations and entrusted to an Italian, Professor Gini. When, in August 1921, the report was published, the economic situation presented quite a different aspect from that which undoubtedly gave rise to the resolutions of the League. The low prices which had followed upon the high prices no longer indicated a shortage of raw materials, except in a few countries which the depreciation of their currency and the critical state of their exchange cut off from the world market, while the markets began to suffer from gluts and stagnation. This explains why Professor Gini's report, though it considered the general question of the cyclical fluctuations of markets, passed almost unnoticed, did not provoke any fresh resolutions on the part of the bodies which had promoted the enquiry, and was published on the sole responsibility of the author.

It is worth while quoting from the conclusions of



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this enquiry some suggestions made for the development and consolidation of those constructive factors which, not having been considered in 1931 and having been very slightly or partially considered at the Economic Conference of 1927, ought now to be re-examined for purposes of practical application.

As to the distribution of raw materials three possible systems were contemplated and discussed: the nationalist system, according to which each country ought to have the raw materials and foodstuffs required by its population and its industries; the State system, which would entrust to a central institution the purchase and distribution amongst all the States, in accordance with the needs of each, of such raw materials and foodstuffs; the free trade system, which consists in allowing the fullest liberty both to international trade and to internal trade in raw materials and foodstuffs.

The first system must, however, be rejected, because, apart from the political difficulties of carrying it out, it could not be put in operation otherwise than to the advantage of certain nations. The second system also presents practical difficulties; but it might be necessary for the League of Nations to take control of raw materials and foodstuffs, in case it had to declare a blockade against the States which had become its enemies. The carrying out of the free trade system, again, cannot be contemplated except on the hypothesis of a world State, which would ensure the continuance of this policy even during periods of economic crisis and could prevent the outbreak of wars which would necessarily destroy it. The League of Nations cannot, for the time being, carry such a vast programme into effect, but it can take some steps in the

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direction of free trade. The lines on which we should proceed are as follows:

1. In regard to trade: to encourage the formation of customs unions between groups of States; to set up at the League of Nations the representation of the interests of third parties in bilateral commercial treaties or agreements; to confer on the League of Nations the power to demand, in the final instance, the reduction or suppression of export duties imposed by a State, not from necessity but in order to derive advantage from specially favoured conditions.

2. In regard to extraction and production: to direct the work of the League of Nations, not to the suppression of producing and trading combinations of a monopolistic nature, the existence of which is perhaps unavoidable, and the supervision of which constitutes in any case an internal affair of the State, but to prevent certain combinations, dealing with raw materials of international interest, assuming a national character.

3. In regard to migration: to direct the work of the League of Nations towards re-establishing a natural system of readaptation by virtue of which population can be transferred from impoverished countries to countries less impoverished or enriched by the war.\*

### *Economic Combines*

It seems obvious from what we have said hitherto, and from the conclusions of the enquiry just referred to, that the problem of raw materials has also a legal aspect. In this connection it behoves us to examine the various

\* Professor Gini: *Rapport sur la gestion des matières et des denrées alimentaires*. League of Nations.

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forms of industrial management and Government regulation which determine the possession or the acquisition of raw materials, in order to discover how best the supply of raw materials can be assured to all countries and what new arrangements are best adapted to correct the vices of the present system and to promote a fruitful co-operation among the nations.

Economic literature is full of discussions regarding the various forms, the effects, the advantages and the disadvantages of industrial and commercial combines (cartels, trusts, etc.). It is needless, therefore, to describe, even summarily, the morphology and pathology of this institution, which is inherent in the capitalistic system. What is important for our purpose is to note the recent evolution of industrial combines, to examine the attitude of the State towards these aggregations, to analyse anti-Trust legislation, designed to protect consumers, so as to ascertain what potentialities exist in this field for the future system of economic co-ordination which we have called triangular co-operation.

It is enough to note, in a general way, that if the basis from which industrial combinations can spring and prosper at the outset is that of free competition, their natural growth impels them to take advantage of all these forms of economic coercion inherent in a State organisation ostensibly democratic but in reality founded on class and dominated by the three plutocratic divinities, finance, banking and the Stock Exchange. In the last quarter of a century, notably in Germany and in the United States, this process of consolidation could be observed in active operation, and it was accelerated in the years before the war and after the armistice.

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The tendencies to expansion and unification in the present-day market for industrial raw materials and for products in common demand must inevitably impel these colossal undertakings beyond their national frontiers in the search for larger outlets and a wider circle of customers. This is what happened in the last twenty years before the war; more than a hundred international combines were already in existence when the war broke out: sixteen in the transport industry; twenty-six in coal, mining and metal-working industries; five in the electrical industry; eleven in the chemical industries; fifteen in the textile industries; and seven in the paper-making industries, to indicate the principal branches. The majority of them were formed with the purpose of reserving their national market to the participants; some shared the foreign markets between the participants; others regulated prices and methods of sale; others again, though fewer in number, provided for the reciprocal exchange of patents and of technical processes.\*

All links having been broken by the storm of war, there was delay in forging them again during the economic confusion which followed the armistice; however, when a sound currency had again been established in various countries, the work of industrial concentration began again and a considerable impulse was given to it by the so-called crisis of overproduction.

The more important of these international aggregations have been formed in recent years.

The results of the meetings and enquiries promoted

\* Regarding cartels, syndicates and trusts the reader is referred to the historical and statistical synthesis which was made by Mussolini in his great speech to the Council of Corporations on November 14, 1933.

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by the League of Nations have been most fully commented upon in two monographs on industrial combines published by the Economic Committee, one on the economic aspects and the other on the legal status of the combinations.\*

What is the gist of these conclusions formulated by "authoritative experts"? It is this: while from the legal standpoint the necessity of State supervision of international combines is conceded, it is averred that, from the economic standpoint, the time is not yet ripe to take a decision that is so far-reaching and so important.

These experts also expressed the opinion that until the political and economic interests of the various States are brought into harmony it will be internationally impossible to contemplate entrusting to any agency a right to control, or even to exert an effective influence over, the activity of international combines.

Those industrial experts failed to observe that one of the causes of the disharmony among the interests of States is the coexistence of the most varied systems of private, semi-public and public control of raw materials and basic products; that the disharmony tends to arise from the impulse of States to strengthen local markets with customs duties, quotas and differential treatment; that whatever may be the utility in certain cases of combinations of producers, the extension of their markets beyond the frontier necessitates an agreement between the States in the territories of which they operate to supervise and, if need be, modify their activity.

\* League of Nations, Economic and Financial Section. *Etude sur les aspects économiques de différentes ententes industrielles internationales*. Geneva, 1930. Ditto, *Etude sur le régime juridique des ententes industrielles*. Geneva, 1930. Ditto, *Etude sur le nouveau régime juridique des ententes économiques en Allemagne et en Hongrie*. Geneva, 1932.

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The competent organs of the League of Nations have never pronounced an opinion on the conclusions of the expert jurists and economists, although the League of Nations has always followed with the closest attention the development of international economic combinations.

These combinations were also the subject of protracted discussions in London on the occasion of the recent Monetary and Economic Conference. The Preparatory Commission had already taken care to include the study of the question in the programme of the Conference, in view of the fact that, during the present crisis, some of these combines have undeniably contributed, at any rate temporarily, to maintain and to stabilise prices, and have been an element of order in the general disorder, forming islands of comparative safety. They have effectively contributed, in regard to certain products and certain countries, towards the avoidance of conflicts, of reprisals and of tariff wars.

As, therefore, industrial combines have now become an important factor in production and exchange, the Commission concluded it was impossible for Governments to refrain from taking them into consideration when shaping their policies.

Accordingly the Conference of London discussed the subject, and took steps to study the desirability and the possibility of international action in connection with the production and sale of a certain number of foodstuffs and raw materials: dairy products, sugar, wine, coffee, cocoa, timber, coal, copper, tin. To this end it also laid down certain guiding principles, declaring, amongst other things, that, in certain cases the intervention of Govern-

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ments in the conclusion of agreements might become necessary, even if only for temporary purposes.

It is worth while at this point to note that the impulse to these attempts at co-ordinating production and exchange came from the producing and exporting countries, which maintained that, to re-establish world prosperity, it was necessary to increase the purchasing power of the primary producers by raising the wholesale prices of these products to a reasonable level. No special proposal, on the other hand, was made by the consuming countries; these latter, on the contrary, insisted, with success, that no understanding should be concluded without their participation, so that the interests of the consumers might also be equitably safeguarded.

What, in the last resort, will be the result of all these efforts, cannot be foreseen, though previous experience of the activity of the League of Nations in the matter of *concerted action* suggests that it would be well to await results with a certain degree of scepticism.

### *Examples of State Intervention*

We must now pass to the forms of direct intervention by the States in the disposal of raw materials, in order to see whether there are elements which can be utilised for the purposes of the necessary work of co-ordination. We can only give a few examples, selecting them from amongst the most significant.

One such example is no doubt that which is offered to us by Chile in the nitrate of soda industry. For many years the exclusive possession of accessible deposits of that mineral placed Chile in a position of absolute

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monopoly and gave it the opportunity of dominating the world trade in nitrate and its by-products.

In more recent years, however, the fixation of atmospheric nitrogen has involved the Chilean interests in competition with the producers of manufactured nitrate in other countries, notably in Germany.

The intervention of the Government in the nitrate industry was prompted by the desire to promote the economic prosperity of the country by administering with skill and sagacity what was by far the most important source of its wealth, and its interest in assuring a sure and abundant source of revenue for the public budget. The monopoly was not in the beginning established and promoted by the Government, but in 1919 and in 1921 the Government formally approved the rules of the Association of Producers of Chilean Nitrate which, besides the headquarters at Valparaíso, has offices in New York, London and Berlin, which manage publicity, superintend the sales, and supply information of every kind to the central office.

The direct part taken by the Government in the Association is shown by the official representation on the Council of Management, on which it has four seats. The powers of this Council are very extensive, going so far even as the fixing of the selling prices. The Government has, on the other hand, supported the industry by giving it notable facilities; for example, by reducing railway freights on nitrate, coal and petroleum, by granting specially reduced customs duties on the sacks to be used in export, and putting pressure on all the producers to enter into the combination.

In 1928 the intervention of the Government became



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even more marked by a law which regulated propagandist activity and set up a bank to be founded with capital supplied by the Treasury. In the same year, to assist in meeting the German competition of synthetic nitrogen, it reduced the export duty.

Without following the various phases of industrial concentration and of the more or less rigid control by the Government, we may note the economic consequences of the activity of the Chilean Association in the period in which it dominated the international market. They may be summarised thus: the burden of the export tax was borne both by the Chilean products and by the foreign consumers; the Association in the years 1920-1927 fixed prices much higher than would have resulted from competition; the industry made enormous profits during this period.

An enquiry carried out by the Government showed that for a group of companies the net profit had been 50 per cent of their capital. The severe competition of synthetic nitrogen and the stocks accumulated made it necessary to abandon in 1927 the system of the Government price; in 1928, again, always on the initiative of the Government, the producers entered into another agreement, and in 1929 they combined with the German and British producers of synthetic nitrogen. From that time the intervention of the Chilean Government has relaxed and concentration assumes the form of one of the ordinary powerful private industrial combinations.

Another notable example of the intervention of the State, this time in relation to the production and sale of a widely consumed commodity, is that of the so-called

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“valorisation” and of the “permanent defence” of Brazilian coffee.

The procedure by which the Government regulates the price of the commodity by buying a part of the product and withdrawing it from the market serves to attain and to harmonise two by no means easy objects: to fit the supply to the demand for a product the plant of which gives fruit only after six or seven years, and to stabilise the prices for a product the quantity of which varies greatly from one year to another.

The beginnings of this policy date back to 1905; it was carried out at three different periods and culminated in the “permanent defence.” It cannot be denied that in the early years of the century it saved the coffee industry from certain catastrophe. Though it did not lead to a real stability in the prices, the moderating control of the State authorities served greatly to reduce the fluctuations. The remarkable regularity with which abundant and scanty crops alternate with one another facilitates an intervention of the public authorities to prevent wide variations of prices. On the other hand the most recent vicissitudes of the international market serve to confirm the necessity of the intervention, whether it takes the form of withdrawal from the market by State purchases (valorisation) or of storage and credit operations guaranteed by the State (permanent defence).

The point to be decided is whether such moderating action, not forming part of a wider control which protects spheres of interests linked with those of the Brazilian industry in other countries, has been conducted on economic principles and has given economic returns even in relation to the country in which the experiment

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has been carried out. The incontrovertible facts are that the system of permanent defence set up in the State of São Paulo in 1925 was not able to prevent the collapse of prices in 1929 and the deplorable further consequences; that the action of the semi-official institution to which the application of this system was entrusted aroused violent criticism and caused intense unrest both in the country and abroad; that one of the objects aimed at by the Brazilian rulers, that of the diversification of cultivation, was hindered rather than facilitated by their programme; that the world position of the Brazilian coffee trade fell from 81 to 66 per cent.

As to the international results, which are of more particular interest for our purposes, it is to be noted that the Brazilian policy, while it was of advantage to planters and to bankers, was of no benefit, and even did a certain injury, to the consumers at home and abroad. The American consumers most of all suffered from the effects of it, inasmuch as 50 per cent of Brazilian coffee is consumed in the United States. On the whole that policy, which is not to be condemned in its objects if incorporated in a coherent system of defence of the markets which would take account of their necessary interdependence, has been and remains a cause of disturbance of international economic life.

To return to raw materials, we note that the official programme of regulation which caused the most widespread effects and the greatest apprehensions in the economic world was certainly that which related to rubber. This may be explained mainly by the vastness of the industry which is by far the largest consumer of that product: the motor industry.

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The "Stevenson plan" no longer exists; but it marks a form of regulating intervention which deserves to be recorded as one which can offer us instructive lessons.

The first object of this programme established by the "Stevenson Restriction Act" was roughly the same as that of the others: to restore prosperity to an industry which was believed to be very near to final collapse; this in the years 1921 and 1922. The aim was, by limiting exports, to reduce production with a view to maintaining prices. The colonial authorities had the power to allocate to each country a "standard production," which was not to exceed the figures of 1920; the extent of the exports was regulated by the price of rubber in London. During the first years the programme was rigidly adhered to, but when the sharp rise in prices in 1925 was followed by the sudden fall in 1926, the law was changed and only then were the course of consumption and the interests of the consumers taken into consideration.

The result of this programme, which had to be abandoned in 1928, was at the outset to arrest the decline of prices, and to restrict British production, but not the production of the Netherlands Indies, which took advantage of it to enlarge their rubber estates. On the whole, world production increased, though it must be admitted that it would have been much more abundant without the restriction imposed by the Stevenson law. Moreover, this law assured considerable profits to the producers of the British rubber estates and caused a certain loss to foreign consumers. In 1924 the American importers paid 140 millions more than they would have paid in 1925, and in 1926 this excess rose, in the aggregate, to no less than 400 million dollars. This loss was partly borne by the

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manufacturers, but partly fell on the consumers of objects manufactured with rubber. The refusal of the Dutch to enter into the combination was bound sooner or later to render impossible the continuance of the Stevenson plan. The abandonment of the plan did not, however, cause the renunciation of the idea of restriction, which was again warmly advocated later in order that it might be accepted by those who had formerly held out against it.

### *Other Forms of State Intervention*

Up to now we have mentioned cases of intervention and restrictions carried out by the State authorities for the purpose of drawing upon safe sources of public revenue and of supporting the home producers.

Another type of regulation is that which aims at increasing the production of the home factories or of maintaining them.

Canada offers examples in the prohibition by certain Provinces of the export of timber and of iron-ore, in the tax which Ontario imposes on the export of electricity to the United States, and in the limitations which the Federal Government imposes on the export of poplar wood, a raw material for the manufacture of cellulose and wood pulp.

The Canadian policy is not carried out by means of regulations and special institutions: prohibitions and export duties serve the desired purpose. These limitations, since they deprive the paper industry of other countries of an important source of supply of raw material, can only cause losses and friction.

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We pass over, for the sake of brevity, several other examples of monopolies or semi-monopolies or of State administrations or State restrictions regarding raw materials or widely consumed products: Japanese camphor, Franco-German potash, the phosphate deposits of Nauru, Greek currants, Bolivian bismuth, Java quinine, Italian sulphur and mercury.

### *The American Policy*

On the other hand, the recent Federal policy of the United States in regard to certain agricultural products, notably wheat and cotton, is too widely known for it to be necessary to explain it at length. In substance the protective activity carried out by the American Government through the medium of the Federal Farm Board does not differ from the control which other Governments have exercised or exercise over the production and the marketing of coffee, sugar and rubber. In this case the methods of "valorisation" and of "permanent defence" have been combined with the accumulation and withdrawal of stocks, with credit operations, and with publicity campaigns, for the support of prices in favour of the producers. The failure of this policy, which has caused immense losses to the Federal finances, is also well known nor does the technique of the systems put in operation afford us any element of importance.

The new Presidential administration has not seen in this failure the condemnation of the principle of State intervention in economic affairs; it has, on the contrary, seen in it the condemnation of a State intervention not sufficiently extensive and co-ordinated in agriculture,

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in industry, in commerce and in banking. The gigantic undertaking of regulated economy which is now being carried out in America bears no doubt the marks of this design and of a co-ordinated execution. Whether the conception has been sound and the application correct, it is still too early to judge.

The question of raw materials is treated internationally not only with reference to their equitable distribution and utilisation, but also with reference to their prudent conservation. Iron-ore and timber are two raw materials in which this necessity to-day appears very urgent.

It was President Roosevelt who, at the beginning of the century, gave attention to this problem and aroused a very lively feeling of apprehension and anxiety in American opinion. He obtained from Congress legislative measures for the protection of mineral resources, for great irrigation works in the western Provinces and for reafforestation. In 1909 he convened a North American Conference with a view to providing for the conservation of natural resources and, by agreement with the Queen of Holland, invited the Governments of forty-five foreign countries to send delegates to another conference, which was to have been held at The Hague to study "the methods of drawing up an inventory of the natural resources of the world . . . and to make recommendations with a view to their conservation, their increase and their substitution." When the Roosevelt Administration came to an end, the idea was not taken up again, and only in recent years have the League of Nations and the International Institute of Agriculture initiated an active study of the question, particularly with regard to timber, which should lead later on to agreed measures of protection. The treaty

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concluded in 1911 between the United States, Great Britain, Japan and Russia for the regulation of the seal fisheries in Pacific waters, shows the possibility of international agreements with a view to the preservation of species and materials apt to deteriorate rapidly or to disappear altogether.

## *The Work of the League of Nations*

We have seen that in face of the movement of industrial concentration the work of the League of Nations has not, owing to circumstances on which we need not dwell here, been as effective as was desirable. Less hesitating was the attitude of the League with regard to the activities of Governments and their direct or tentative interventions, or rather to the more apparent effects of their policy of intervention: the prohibitions and delays in the exportation of raw materials.

The enunciation of the principles is already much clearer in the Economic Conference of 1927:

The Conference considers that the free circulation of raw materials is one of the fundamental conditions for the normal development of the industry and trade of the world.

It considers, therefore, that any export duty on raw materials or on goods necessary for producers, when it has the effect of increasing the cost of production or the cost of living in foreign countries, tends to aggravate the natural inequalities resulting from the geographical distribution of the wealth of the world.

And the recommendations formulated by the Conference were in accordance with these principles.

But in this field more has been done in the spirit of



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an Italian proposal made at Geneva by Signor Suvich, now Under-Secretary of State for Foreign Affairs.

A Diplomatic Conference held in October of the same year, at which thirty-two members of the League and three non-members, including the United States, were represented resulted in a Convention, by which the parties agreed, with the exceptions stated in the Convention itself, to abolish all prohibitions and restrictions placed on the import or export of certain commodities. Although only eighteen States signed the Convention, to which the United States were afterwards added,\* the importance of the document is very great, because it constitutes the first real international attempt to deal with the problem of the common administration of raw materials.

In fact, the principle is affirmed by implication that mineral wealth is the joint heritage of the States and of the peoples, and that the right of sovereignty cannot be exercised in this field except for specific purposes precisely indicated in Article 4, which relate to public safety, public health and the protection of national treasures of artistic, historical and archaeological value. The exceptions and the reservations, the changes of opinion, the renewed economic offensives of "controls," of "quotas" and of "discriminations," cannot destroy the advance which the civilised conscience of the peoples has made upon the barbarism of economic exclusiveness. The germ placed in the rudimentary organisation of the Commonwealth of Nations by the Convention of 1927

\* The Convention was signed or adhered to by twenty-nine countries, only twenty of which afterwards ratified it. At present the Convention is in force between the following States: England, the Netherlands, Norway, the United States of America, and Japan.

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will bear fruit, because it has in itself a high degree of fertilising virtue.

Not so much for the scope as for the nature of what they did, stress must be laid on the other two Conventions, signed in March 1928, one relating to hides and leather and the other to bones—raw materials which are of considerable commercial and industrial importance. In fact, they not only voted the abolition of prohibitions and restrictions already embodied in the Convention of 1927, but abolished the export duty on hides, fixed the maximum of the export duty on bones, and for both products abolished every tax, except the statistics fee, which is not applicable to all commercial transactions of which they form the subject.

### *Characteristics of Franco-Italian Treaties*

To render as complete as possible this summary of the more important facts that mark the private or public administration of raw materials and the developments which may favour a future system of co-ordinated international administration, we must not omit to mention an important innovation contained in the agreement, negotiated by the present writer as early as 1916, on behalf of the Italian Government, between Italy and France in regard to Algerian and Tunisian phosphates.

The provisions of that treaty aimed at making the quota of export to Italy of phosphate extracted from the mines of French Africa proportionate to the number of workers whom Italy might have supplied to those mines; and

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while, on its part, the French Government was obliged to give all the necessary facilities for the export of these phosphates, the Italian Government was obliged to facilitate the recruiting of the workers required by those mines.

The agreement provided that, if freedom of trade in phosphates should not be restored in the subsequent years, the export quota for Italy could not be reduced unless the number of Italian workers employed in the mines was also reduced. A collateral agreement with the company working the Gafsa mines regulated the conditions of employment of Italian workers.

Another similar agreement was also concluded, in 1920, by the present writer, in the name of the Italian Government, with the French Government to supply workers to the Comité des Forges de France in exchange for coal supplies to Italy at the rate of six tons per month for every Italian worker employed.

These are agreements which imply that labour is wealth to be exchanged, under specified guarantees, for wealth of another kind, the raw materials necessary for the country which has labour in abundance. If we are not mistaken this is an early form of international collaboration which is very promising indeed.

These agreements, and other similar agreements, with the necessary modifications and improvements—the present tendency towards the international barter of raw materials is well known—might form the basis of an organisation aiming at the redistribution of population and of raw materials, while the special colonisation agreements may become, within the general scheme for the co-ordination of the factors of production, the instru-

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ment for the redistribution of population and of lands, to enable both to be fully exploited.

### *Conclusions*

We may now draw some practical conclusions from what has been said on this subject.

1. Inequality in the geographical distribution of raw materials would prevent the most equitable sharing of them, impeded as it is by syndicated and, more usually, State monopolies, if the absolute principle of the sovereignty of the States were not limited in the interest of the whole world.

This limitation has already been embodied in the Convention of 1927 respecting prohibitions, as above mentioned. What is needed is to define clearly the many implications of this principle and to develop their practical applications. The first of these implications is the abolition of export duties on all materials and goods, which abolition was prescribed by two Conventions of the League of Nations of 1928, for only two or three manufactured products. The abolition of export duties is an essential condition for rendering raw materials freely available, particularly colonial raw materials, which at the present time are subject to preferential treatment for the sole advantage of the mother country.

It is almost superfluous to add that the free circulation of raw materials cannot be put into effect, unless it is guaranteed by inter-State supervision. Administration entrusted to such authorities as States and syndicates would not endure for long.

2. The absolute necessity for the free collective disposal

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and circulation of raw materials, joined to the necessity of preserving them, would imply the formation of the "international mineral and forest estate." The legislation of some countries offers examples of modern regulation of public estates, of which advantage might be taken for the administration of such an estate as we have in mind, which would be vested in the League of Nations. Of the special organs which it would be necessary to set up in the League we will speak presently; let it suffice at this point to note that the representation of all the National Economic Councils in the League, already suggested and advocated by Italy through the mouth of Signor Bottai, in conjunction with a reinforced Mandates Commission, appear to be the instruments best fitted to carry out this co-ordination.

3. The circulation of raw materials must be "free," in the sense that it is not hindered by political motives and considerations, but is economically appropriate—that is, calculated to secure the observance of the principle of maximum utility: to each according to his ability to work them. Some essential achievements of the international community—disarmament, security, arbitration—must, step by step, facilitate this aim, the attainment of which will in turn consolidate those achievements. Thus the free circulation of raw materials and, we may now add, of men will no longer be limited except by economic criteria, suitably interpreted by the international organisation. It will not in the least imply the material displacement of both the factors, but of one of the two towards the other or towards the third—the land—according to the convenience, as ascertained by experience, of productivity and yield, regard being also had to the

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desirability of reducing to the indispensable minimum the migration of human communities for purposes of labour.

4. The industrial groups which are to conduct the enterprises cannot, on these assumptions, relapse into the degenerate forms of which we have seen some few examples. Supervision of their work will be part of the complex scheme for the regulation of world economic activity. The States will regulate the machinery of the League of Nations for economic co-ordination from the general point of view of the common interest of productive potentiality and of the consuming populations. Thus they will be relieved from the special industrial and banking interference which is inevitable in an economic system devised, not to assure well-being or at any rate tranquillity of life to the human community, but to consolidate the privileges of politically powerful groups to the detriment of the consuming population.

## *Colonial Commercial Policy*

The commercial policy to which the States must pledge themselves in an organic system of agreements for co-operation in the matter of colonies is a subject connected with the preceding, and calls for some elucidation.

Throughout the centuries of disputes and conflicts for the acquisition of the territories in the regions outside of Europe, the principle upon which the action of States was based was the mercantilist principle. The colonies were regarded as offshoots of the mother country and had to serve solely for feeding and invigorating its organism, without any thought beyond watchful and jealous ex-

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clusiveness against the other countries, and with very little thought for the necessities of life and of progress of the subject populations. Prohibitions, monopolies, patents, quarantines were the weapons with which the Governments usually pursued their aim when they did not use actual arms in open warfare.

The "closed door" was the dogma of colonial policy up to 1776, a year in which two memorable events marked the beginning of a new colonial era: the declaration of independence of the American colonies from British rule, and the publication of Adam Smith's masterpiece. From that time the infallibility of that dogma was no longer uncontested, and the systems based on exclusiveness and preference alternated with less narrow systems inspired by a view of colonial interests more consonant with the reality of mutual dependence between all markets and all the economic activities of the world.

The principle of equality of treatment, or of the "open door," does not mean the abolition of every restrictive regulation: it means merely that import duties, export duties, port dues and similar charges shall be applied with equality of treatment with respect to all countries which trade with the colony, without any discrimination.

This policy, adopted in principle by England as a consequence of the abandonment of the system of protection (1842-1860), and later, after 1874, by the Netherlands, was also, in some multilateral treaties, recognised and accepted as serving to ensure equilibrium between the various economic and political interests of the colonising and protecting States.

The Act of the Conference of Berlin for Central Africa, already mentioned, the Algeciras Agreement

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of 1906 for Morocco, the so-called Hay Notes of 1900 for the commercial régime of European and American interests in China, as also the commercial clauses of the Treaty of the Nine Powers of 1921, in which China herself took part, must be considered, from a certain point of view, as real milestones on the way which leads the States from a mutually hostile, or negative, or indifferent attitude to forms of mutual understanding and protection, and afterwards to those future forms of closer co-operation and solidarity.

But in reality the road has not been and is not without pauses, changes of opinion and setbacks. It must, above all, be added that the propensity of the States, generally speaking, is to liberate themselves, as soon as the opportunity offers, from the obligation of equal commercial treatment; which is not due to a vice inherent in the system, but rather to the spirit of rivalry and of suspicion which still governs the whole subject of international trade and of the administration of colonies. This being so, it is clear that the policy of the "open door" cannot continue to exist, in present-day conditions and under the heavy blows which are inflicted on the commercial relations between independent States, except by way of compromise and in a very precarious manner.

Since the war, facts which have contributed to rendering this system still more precarious are the conversion of Great Britain to the policy of imperial preference with respect to the dominions and the analogous change which has taken place in the policy of the British Crown colonies.

While it is theoretically true that the bilateral treaties of commerce might serve to modify for the better the



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customs policy of the colonies, the fact is that for the most part the treaties by which the independent countries are bound do not include the colonies. Now a real, full European and international co-operation between States can never be established unless they begin by extending their contractual policy, liberated from present-day restrictions and limitations, to the colonies, as a means of transition to the collective system of mandates. The exclusion of the colonial territories from the reciprocity of the treaties constitutes a serious inequality, to the detriment of the contracting countries which have no overseas possessions. It is clear that a customs concession given by one of those countries has the effect of opening to the foreign goods to which it relates the whole market under its control, while a concession given by a great colonial Power opens only a part, the market of the mother country itself, and reserves the rest for differential treatment.

As regards the most favoured nation clause, to the benefit of which a contracting State sometimes admits a colony of another State which grants the same treatment to the goods of the first State, even here we are in presence of a serious inequality, seeing that the clause does not take away the preferences of the colonial market for the mother country.

In fact, the usual formula of the so-called parity which is adopted in these cases is the parity "with any foreign nation," thus excluding the reductions granted or to be granted to the mother country.\*

The most favoured nation treatment which in the

\* J. Mazzei: "I problemi della politica coloniale doganale nel dopo guerra" in the *Rivista internazionale di Scienze sociali e discipline ausiliarie*, Milan, May-July 1931.

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period of expanding trade was a guarantee of stability and a powerful instrument for unification of the markets cannot continue to exist in the future stage of colonial co-operation, in which may remain traces of customs preferences between mother country and colonies. The Ottawa Agreements regarding the British Empire and the compensating taxes which may be found in certain North African "dahir," in open contrast to the principle of the "open door," laid down by the Treaty of Algeciras, are certainly not instances of progress along that road.

And one may also enquire whether conferences like that of Ottawa do not become an obstacle rather than a preparation for that colonial co-operation which, if the industrial States do not wish to injure or to suffocate each other, must eventually be set up, particularly in the Dark Continent.

One of the obstacles to an active exchange between colonial markets and the markets of the mother countries lies in the customs policy of the latter countries. The various forms of such policy can be reduced to three principal types:

- (a) Assimilation, when the colony forms a whole with the mother country, with free trade between the two parts and an equal tariff in relation to goods imported from other countries.
- (b) The "open door," when the tariff of the colony does not contain any discrimination between the goods coming from the mother country and those coming from other countries, without, however, excluding that the products of the colony may have preference in the tariff of the mother country.

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- (c) The preferential system, with lower tariffs or entire freedom granted on the market of the mother country to colonial goods. In most cases the preferential system is reciprocal, but the reciprocity is not necessarily equal.

France, America and Japan generally adopt the system of assimilation; Italy, Spain and Portugal the preferential system; the British customs policy, which was that of the "open door" up to the time of the war, has changed in recent years, and since 1932 has decidedly taken the direction of the preferential forms: the Ottawa Conference was the first definite affirmation of the new colonial policy, in the broad sense, of the United Kingdom. Belgium and Holland follow even to-day the system of the "open door," the former owing to the obligation laid down, in regard to the Congo, by the Conference of Berlin of 1885; the latter spontaneously, but with the reserve that colonial goods must be carried in Dutch ships.

It is explicable and, up to a certain point, justifiable that, with the colonial system in force, the mother countries should insist upon special advantages in their favour in the trade with the colonies. It is the capital of the mother country which alone or principally flows to the colonies; it is the labour of the mother country which endeavours to acclimatise itself there. It is right, therefore, that, setting aside the sacrifices, the expenses of territorial occupation and of initial installation, which also are compensated, special facilities for remuneration and reward should be offered to the energies of capital and labour which flow from the mother country to fertilise distant lands.

## *Raw Materials and Economic Combinations*

But the colonising countries have not understood their policy in this moderate sense. All the restrictions and abuses which are included under the name of "colonial pact" serve to illustrate the danger, the waste and the damage resulting from liberty and arbitrariness in exploitation, both in relation to the native population and in relation to the whole human community, which ought to benefit by a sound colonial administration, guided by economic criteria of general utility, even if this were understood only in relation to the mother country.

However, in a colonial system which is midway between the old system and the new one—that is, a general system in the form of mandates, preferential practices and the old exclusiveness in favour of the mother country—are no longer admissible. Still less are they admissible when it is a question of amplifying, as we desire to see done, the present policy of mandates so as to render it in fact, and not merely on paper, an instrument of the joint will of the nations bound by the Covenant of the League of Nations in order to make it adequate for the necessities of the new African colonial policy.

Under this policy the States really become the organs to which are entrusted the administration of specified territorial units. If special compensations are to be contemplated for the exemplary exercise of their powers and for the highest advantages conferred on the community, they are certainly not to take the form of a development, which is not admissible, of the practice of discriminating duties and of export duties. These will be thrown on the scrap-heap of a policy of penetration and colonial development, and be left to rust in disuse.

## CHAPTER V

### CAPITAL

#### *The Mobility of Producers' Goods*

FOR capital as well as for the other economic factors, liberty of circulation must be governed by productivity: mobility of goods and exchange of services cannot have any other purpose.

This perfect economic mobility, as we may call it, is now hindered by many obstacles, caused by the crisis in world economy; but even in normal periods the economic motives which alone ought to govern the employment of the factors of production are nearly always overruled by political conditions and considerations. And we must point out that it is these same conditions and considerations which provoke the race of armaments and, when brought to a high state of tension, cause conflicts and wars to break out. The plutocracy of industrial and financial combinations, for the benefit of which the affairs of the world are carried on, can neither assure work for all men nor tranquillity for all States.

There must always exist under the present system, even if liberated from the nightmare of crisis, areas of friction and of waste, calculated to render precarious the peace and order of society, and to make the plague of unemployment more or less distressing and threatening, if international co-operation built on a corporative basis, which will give the correct place and the highest value to each of the factors of production, is not substituted

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for the anarchy of unregulated competition on the one hand and political intervention in the economic process on the other hand.

Turning in particular to the circulation of capital, we must say at once that several things may be understood by this word, as often happens, owing to the difference between the technical meaning and the current meaning of some expressions. Here we take the word "capital" in two of the acceptations that it can have—that is, as technical means of production (producers' goods) and as financial means of production (money and credit).

The perfect mobility of producers' goods can only be obtained by means of an import system which is free from customs barriers and differentiations of tariffs. It depends on bringing machines, implements, fertilisers and building materials to the lands to be colonised, and on supplying with machinery and tools the mines that can be worked. It is necessary, therefore, at any rate in regard to raw materials and semi-manufactured products, machines, implements and fertilisers, timber and building material intended for the cultivation of land and the working of undertakings, that the national frontiers of those States which enter into an agreement should be open to the free passage of all these goods.

This will become obvious when we come to speak of the more immediate necessities of European unification, finding expression, as we shall see, in a policy of understanding and of works undertaken in common. But as a general plan and for purposes that are not specially designed to remedy the unemployment of European workers, we should aim at world-wide action, since, as we have shown, the interchange of men and of raw

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materials, the development of overseas countries by the settlement of immigrants from the countries of Europe is not only possible, but will become more and more necessary. We will rather say that the combinations of the various factors have the more probability of proving to be highly productive the wider is the field of selection and co-ordination of the factors themselves.

In the Economic Conference of 1927 it was pointed out by Professor Cassel and by the writer that labour, which was superabundant on the markets of the mother countries, was insufficient in colonial agriculture, and that this state of things was more and more impoverishing the currents of exchange between European capital in the form of producers' goods suitable for the development of new countries and the products of those countries, which currents ought to be replenished if we aim at deriving advantage, for the good of all, from the now idle riches and resources of those countries.

It is clear that the want of industrial equipment and of labour in colonial territories, particularly African territories, reduces the purchasing power of those sparse populations, and therefore hinders the sale of European products in their markets. A more rational distribution of labour, when the extrinsic conditions, political and other, will allow it, and a cheaper supply of producers' goods and consumers' goods, will tend to restore and to increase the purchasing power of the colonial markets and to further that work of economic redemption which must precede and be the condition of cultural and moral civilisation. The supply of capital to the colonies and to the new countries—that is, colonial credit—can have no other meaning and no other value.

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Outside of this strictly economic field, which can be governed only by conscious and co-operating forces, there is financial speculation and raids on land and on petroleum wells for purposes of financial exploitation in the interest of the mother country, without regard to the benefit and to the interests of colonial countries and native populations, and not even to the common advantage of the colonising nations.

Cassel has remarked elsewhere that the condition of trade between Europe and the rest of the world has changed. There is a general tendency towards a fall in the price of colonial products in relation to those of the manufactured products which Europe can offer in exchange. This maladjustment of prices is not absolutely uniform; there are various exceptions to the general rule. The abundance or scarcity of the crops has considerable influence in this case. Account must also be taken of certain special means employed to regulate the market, such as the "valorisation" of coffee by the State of São Paulo and the control of the Australian wool market in view of the necessity of disposing of the immense stocks of wool which the British Government had accumulated during the war. Even taking all these circumstances into account, the conclusion is unavoidable that, in its commercial transactions with Europe, the colonial world receives a smaller quantity of products than before the war.\*

This condition of things, however, does not depend on a passing vicissitude of cyclical crisis or on the present depression; it is, on the contrary, a constant disturbing factor, the injurious force of which will steadily increase,

\* Cassel: *Les tendances monopolisatrices dans l'industrie et le commerce, etc.* League of Nations, Geneva, 1927.



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if the civilised nations do not agree amongst themselves with a view to a rational and co-ordinated expansion of their economic activity in countries not yet, or but slightly, developed by human labour. It depends, and this was already visible before the war, on the growth of the European population and on the increasingly acute need of outlets for its production, as well as on the difficulty of the colonial countries in supplying themselves with raw materials and foodstuffs on account of the customs policy of the mother countries.

### *Financial Capital (Money and Credit)*

The other aspect under which the problem of an equitable common use of capital can be regarded relates to the financial means of production (money and credit).

Here again we must consider such subjects as the distribution of gold, the monetary systems which are best suited to exchange, of credit arrangements and so on. We shall only deal with these so far as may be required for our purpose and only with those points which strictly relate to it.

We do not believe that in this matter it is possible for any intervention to bring order suddenly where to-day there is disorder. The monetary and credit structure is not something extrinsic to the economic system, which can be taken away, mended and replaced, without altering that system; it is of the same nature with it and is the fruit of a slow growth which has deep roots, not only in that system, but also in the practical and mental habits of the people who make use of it.

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It would, however, be a mistake to suppose that money in its various forms can have no effect on the interaction of economic forces. Coins, bills of exchange, securities, are nothing else, it is true, but symbols of the goods and services which alone have utility for men, but they are symbols which govern the great mass of producers' goods, the value of which they measure and transfer. The circulation of these symbols is apt to be interfered with by two kinds of causes: causes due to the economic conditions, that is to the imperfect adaptation of credit to the vicissitudes of production, and causes due to structure, that is to the permanent want of balance between the supply of and the demand for goods, between needs and possibilities of satisfaction, a maladjustment which is bound to become more serious and which manifests itself in crises of depression increasingly frequent and increasingly severe.

Certainly war reparations and the debts between the ex-allies have caused very serious damage to the credit system, preventing it from carrying out smoothly, in the productive and distributive disturbances that have frequently occurred since the war, the postponements and settlements of the balance of payments, and, therefore, of fulfilling its function. But it would be a mistake to believe that, if these ancillary causes of monetary disturbance were removed, the world could calmly resume its road without any longer fearing and having to forestall convulsions such as those from which it suffers to-day; and that the economic system, when the public budgets are put on a sound basis, order has been restored to the exchanges, the system of import quotas has been abolished, can again acquire that elasticity and that potency which it had during the past century.

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These tasks to which we have alluded are, without any doubt, essential and weighty tasks for the reform of the system, as we may say, externally; but it is necessary to cut into the internal tissue, to tear out the old and atrophied roots. It is necessary, that is to say, to build the new productive edifice on the foundations of international co-operation which can exploit, to the highest degree, the capacities of men and the power of natural forces.

It is reasonable, moreover, since the monetary and credit apparatus governs the movement and distribution of capital, that the way in which it works and all the discussions that are going on in order to prove it to be sound or unsound should not leave us indifferent.

In the meantime, let us see to what extent our scheme is affected by our forces which to-day govern the circulation of capital and its investment in productive undertakings.

### *Investment of European Capital*

Before the war the principal current of capital flowed from the west of Europe and spread, diffusing itself in all the new countries capable of development and in need of it. This life-giving fluid which ran through the industrial tissue of the whole world was the factor of greatest international mobility and expansiveness. All the equipment of traffic and communications, all the modern installations of enterprises, in the fields, in the factories, in trade, owed their impulse and their improvement to this force of European expansion. While new regions were thus aroused to a more intense economic life, the flow of raw materials and of goods, with which these

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regions paid for the capital investments of European civilisation, contributed to the increase of population and the industrial development of Europe itself.

It was already evident before the war that this double bond must lead to an increasing development of extra-European markets by means of an intense work of colonisation, if Europe did not wish to renounce its historic mission, if it wished to open up new outlets for its growing industrial potentiality, thus assuring new supplies for the needs of its abundant population.

The bond has steadily become closer, and the mutual dependence of Europe and the colonial world, understood in the broad sense, gave the fruits of which it was capable. Here also we may again distinguish between the flow of monetary means and that of producers' goods of which the European current of capital was composed; that is, on the one hand the advances which were to enable the native populations to acquire their supplies of food and for personal consumption, to enable colonial labour to be recruited by industrial enterprises for the clearing of land and the cultivation of the soil, and so on; on the other hand, the half-finished and manufactured products of European industry, machines, implements, railway material, cement and the like, which were to serve either for the general equipment of the colonial countries or for the installation of particular undertakings.

The essential condition for enabling these countries to complete the cycle here described—that is, to cultivate their lands and to give life to the industries, and therefore to absorb European industrial production while supplying the markets of the old continent with raw materials and colonial products—was reliance upon capital in the form

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of producers' goods, of consumption goods and of financial means.

The remarkable phenomenon of the colonisation carried out in the last few centuries, and particularly in the nineteenth century, is due precisely to this process. The overcapitalised countries furnished the colonial world with vast quantities of capital in the form of consumption goods, so that the native or imported labour might have the advances necessary to enable it to dedicate itself to the exploitation of the natural resources. Later this capital also took the form of instruments of production and thus allowed of the better exploitation of the natural resources and of the general economic development of the new territories. These territories became at the same time wider consumption markets and increasingly wide production markets of foodstuffs necessary for that industrial production in the mother country, which afterwards returned to the colony in the form of consumption goods. It was a beneficent circle of exchange relations between mother country and colonies, between industrial countries and new countries, in short between production and consumption, which assured the continuity of the progress of the already industrialised countries and the beginning of progress in the new countries.

This beneficent relation of exchanges can and must continue, considering the enormous extent of lands thinly populated and still but little exploited which remains to be introduced into the circle of the fruitful work of civilisation. The process could continue for many generations.

But to do this the over-industrialised countries must

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supply the new countries with instruments of production and with manufactured products on steadily improving conditions and at low costs. Now that cannot happen so long as the monopolising tendencies tend to maintain the level of prices much higher than the purchasing capacity of the colonial countries, and so long as national monopolies, even of a political character, evading the régime of the colonial "open door," act as an obstacle to the transference of the population and of capital which might be ready for investment at a low rate of interest, in the form either of instruments of production or of consumption goods in the new colonial territories. In the interest of civilisation and of the economic prosperity of the world, it is greatly to be desired that there should be a more methodical and orderly revival of that colonising activity to which is due the fact that for a long time the capital of some overcapitalised countries has been linked with the superabundant labour of other countries of old civilisation, thus fertilising the land of the new countries. This work has hardly begun; but it is already at a standstill because the monopolising rivalries have become embittered, while there could still be work and profit for all, provided only a co-ordinated and well-defined colonising activity be substituted for the present disorganised colonising activity.

In fact, this current of European savings continued to grow in the last decades before the war. The loans which were granted to the colonial world were for the most part for long periods; the sense of confidence widely diffused in the old world and in capitalist circles made it possible for investments to take the most productive forms. To short-term loans was usually left only their proper field,

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the exercise of their function of bridging over the gap between two productive cycles. The total amount of British capital invested abroad was estimated in 1914 at 18,000 million dollars, the total French foreign investment at 8,700 million dollars, and the total German at 5,600 million dollars.\* Belgium, the Netherlands and Switzerland swelled, with smaller sums, the aggregate European credit which created a vast money market with its centre in London.

### *The Movement of Capital Since the War*

The economic and financial vicissitudes of the war period profoundly modified this credit apparatus, inasmuch as not only the sources of savings were changed, but also the form and methods of the loans, the purposes for which capital was invested, and the proportion between short-term and long-term investments. The burden of extraordinary military expenditure very soon reduced and afterwards destroyed every margin of the creditor countries for investment abroad, and the constantly growing necessities of the armies and of the civilian populations obliged the allied nations of Europe to have recourse to the American ally to meet them. The United States, which, during the long years of their formation and their growth in economic strength, were indebted, together with the other new countries, to Europe, entered the financial market of the world with their enormous weight as a creditor nation.

\* Ohlin: *Le cours et les phases de la dépression économique mondiale*. Société des Nations, Genève, 1931. See also Cassel, *op. cit.*

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After the war, the urgent and immediate necessities of material reconstruction, of the reconversion to civil purposes of the apparatus of production for war, the weakening of the spirit of saving resulting from the economic upheaval, and, above all, by the monetary inflation, were joined with the enormous burden of the instalments of amortisation and the interest of war debts in acting as obstacles to the revival of European investment in the colonial countries.

Naturally this prolonged stoppage of the supply of capital, besides preventing the further progress of these countries, inevitably reduced their purchasing capacity, thus affecting European industry—that is, affecting the possibility of European factories endowing with instruments of production the undeveloped economic equipment of the new countries. This explains, Cassel justly points out, why the depression in Europe made itself strongly felt in the metal-working and mechanical industries, which are the great exporters of material for equipment, and why European unemployment was most severe in Germany and in England, which are the countries in which those industries are of preponderant importance.

The movement of capital in the following years, with the diminution of the needs for the restoration of the war zones and of the renewal of plant, gradually revived, but no longer with that definite orientation of investment which characterised it in the period prior to the war. In 1928 the situation of the foreign loans of the more important capitalist countries was as follows: the United States had a net credit of about 9,000 million dollars, apart from war credits; the British credits were considerably higher, being about 20,000 million dollars, and the credit of



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France was estimated at about 3½ millions of dollars. Germany, previously a creditor nation, found itself heavily indebted to the extent of about 4,500 million dollars, apart from the burden of reparations. In the aggregate, therefore, the sources of saving were very far from being dried up, notwithstanding the increasingly serious absorption by taxation.

Examining the period immediately preceding the present depression, it will be seen that the total credit balance of the creditor countries was approximately equal to what it was before the war. Even in regard to long-period investments, the revival in absolute figures shows itself fairly active; however, the rate of investment appears much more irregular, as the mechanism which governs the movement is much more complicated.\*

In connection with this matter two tables will be found in the last part of this publication.

### *The Disturbing Causes*

What are the principal causes of irregularity and disturbance in the capital market and in the flow of capital towards the colonial world?

London is no longer, as it was before the war, the leading financial market for the movement of short-term loans, nor has it such absolute predominance as the central market for long-term loans. New York and Paris, formid-

\* League of Nations: *World Economic Survey*, 1931-1932. Geneva, 1932.

For the period 1927 to 1931, detailed statistics and diagrams are given in a study in the *Observation Economique*: "Le mouvement des capitaux à long terme et les investissements internationaux de 1922 à 1931" (No. 11, November 1932).

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able rivals, brought about the formation of a polycentric market, which had not yet consolidated its forces when, in 1929, the depression began with the collapse in the American Stock Exchange. The tradition and different experience of these centres, the political interests which give different directions to economic expansion, have not allowed the necessary links to be forged. In the years from 1922 to 1931 the United States made no loan to Africa, the continent which more than any other had need of the infusion of capital, and in which, more than elsewhere, this would have been able to secure outlets for the industrial countries of Europe. Naturally their greatest attention was directed towards Canada and South America. Nor, on the other hand, could the tradition of foreign loans immediately revive in France after the serious financial shocks and the losses incurred in its investments in some countries.

This is why, while many old and new countries which before the war obtained loans from the three or four larger European markets felt and still feel very strongly the scarcity of capital; the sources on which they were wont to draw no longer fed the current regularly, and the current took less productive directions or lost itself in altogether unproductive employments. This course of events was aggravated by the increasing want of confidence and by the resulting enormous disproportion of short-term loans made for purposes of industrial and agricultural production.

The fundamental defect of the monetary and credit structure of to-day lies precisely in being separated from the economic matrix which ought to feed it and regulate its working, and in living an independent life. All this

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structure is founded on gold and on the idea of the convertibility of values into gold. Now with the theoretical and practical failure of the fantastic systems divorced from gold, experience seems to show that for the future gold must still be the sole commodity capable of supporting the whole edifice of credit relations, but on condition, however, that the mobility of the mass of gold complies with the necessities of productive life and does not follow the impulses of stock exchange speculation and of political manœuvres; on condition, also, that the various monetary systems are unified.

It has been justly remarked that the present monetary and credit system in time of prosperity puts a premium on speculation, on the inflation of credit and on the inflation of industries and that, in times of crisis, it becomes weakened and disordered by fear, by the flight of capital towards places where it can be safely kept, by stagnation and by refusal to serve.\*

On this subject, without entering into a study bristling with difficulties and fruitful of conflicting opinions, we can refer to the report of the Macmillan Committee which is undoubtedly the most authoritative attempt to simplify and to clarify the subject that has been made in recent times by a group of distinguished economists.†

In substance, the Committee declares that, if it is desired to maintain the monetary and credit system based on gold—and in its opinion it is necessary to maintain it—the credit countries must take measures to prevent the whole of the gold stocks of the world from flowing into

\* Jaeger: "L'Organisation du troc international" in the *Revue économique internationale*, September 1932.

† Treasury Committee of Finance and Industry. Report, Cmd. 3897. London, H.M. Stationery Office, 1931.

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their coffers. The principal aim ought to be to increase foreign investments, and for this purpose the Committee suggests that the financial institutions of the countries which make foreign loans should co-operate in establishing an international organisation of a private character for the granting of credit.

Another aim is that of adapting the policy of gold reserves to modern conditions. The fact that gold no longer circulates from hand to hand has profoundly modified the reasons for keeping a gold reserve. Such a reserve was necessary in the past to meet either a demand for gold in the country itself, in cases when a sudden loss of confidence or other reasons might provoke unusual requests for coin, or an external demand when, by reason of an adverse balance of payments, gold had to flow abroad. Now, since the first function may be excluded, seeing that gold no longer circulates in the country itself, the reserve of the banks of issue must have a volume capable of meeting the second exigency. The manipulation of the rate of discount and operations on the free market are the other two essential springs of the Macmillan system, which, however, it must be carefully noted, starting from the special British exigencies, concludes with the necessity of international co-operation.

### *The International Credit Corporation*

What we have just remarked about the mechanism and the tendencies of the distribution of capital, in the period which preceded the war, proves that it is possible to find outlets for the production of the industrial countries when

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an active exchange with new countries requiring capital can be assured.

At the present time this exchange can no longer be established if the links between the cardinal factors of production are not joined again in a new form—that is, in the form of a conscious co-operation between all civilised countries—if the frontiers are not reopened to men and to raw materials, and if the nations which have territorially occupied untrodden lands do not agree to combine their efforts with those of other nations who are fully capable of developing them.

It must be considered that not only, as we have seen, a large part of Asiatic Russia, besides Africa and the countries of South America, but many regions in Europe are still in such a state as to require and to render fruitful this combined effort of men and States for the sagacious exploitation of natural resources. Movable capital freely and rapidly transferable in producers' goods and in consumption goods and in financial means must be the effective lever of this work of civilisation.

International agreement has already set up some arrangements and institutions which will serve to facilitate the tasks of this close co-operation. In particular the Bank of International Settlements.

About the tasks and the efficacy of this super-bank much has been written and many discussions have taken place. Some saw in it, when it was formed, the principal instrument of the profound transformations which were being effected in the whole banking and credit organisation of the world. Others obstinately refused to recognise it as more than a useful centre for co-ordinating certain activities of the national banks of issue, without

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any specific regulating action in the sphere of the credit relations between the various nations. Others again only assigned to it the function of liquidating the burden of war finance and anticipated its death when the crisis had been overcome.

We hold that the work already carried out by the Basle Bank, during this last period of financial convulsions and disturbances, shows it to be qualified for the great function which ought to devolve upon it in future, that of a fulcrum of the co-ordinated credit system, of supreme regulator of the movement of capital and of international clearing.

We have remarked that the distinctive feature of the post-war period, so far as the purposes to which new savings are devoted is concerned, and even more of these latter years, is the disproportion between short-term and long-term investment.

The want of confidence which spread through all the money markets and disturbed them in this last period, with its well-known train of failures and losses, was manifest in the precipitate recall of large masses of securities from one country to another. If these transfers could be effected, amidst disturbances and disorders, but without cutting much more deeply into the economic tissue, it is due above all to the manner in which the liquidations and clearings were carried out by the international banking institution. And this while some banks hastened to withdraw from the Basle centre large portions of their deposits, and while there were requests on the part of many other banks for prompt assistance in support of their financial stability.

It must not be forgotten that about a tenth of the total

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short-term indebtedness could be used to strengthen unsafe banking positions and thus to prevent world economy from feeling greater effects of the crisis of confidence. Nor must it be forgotten that, though not able to engage in medium-term or long-term operations, the Basle institution did not fail to promote international banking and credit co-ordination by participating in the subscription of long-term securities issued by the International Mortgage Bank of Basle and by the Central Land Loans Company of Amsterdam.

Naturally the increasing weakness of the money market made it inadvisable for the Bank of International Settlements to pursue this line and imposed on it a strict discipline with a view to preserving its investments in a liquid form. But this must not in any way be allowed to give the impression that the institution is in a weak position; on the contrary, it has been able to give, precisely in this agitated period, the proof of its vital strength and of its capacity to assume the direction of the credit organisation in the system of co-ordinated economy which we desire to see. A writer in the *Statist*\* noted that the obvious necessity of some form of international banking co-operation in the regulation of credit brought into prominence the larger conception of its functions which was undoubtedly in the minds of its founders and was their principal aim.

Besides the Bank of International Settlements, which will be the supreme organ for clearing the debit and credit relations between the various States, and to which can be usefully entrusted the power to draw up and to

\* The *Statist*, International Banking Section, November 12, 1932.

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pronounce upon the financial part of the future programmes of colonisation, two other institutions which have been initiated in these last years but have not been put into operation owing to the crisis which has supervened, will complete, for the part relating to agricultural investments, the economic system contemplated. We refer to the International Mortgage Credit Company and the International Agricultural Credit Bank.

### *International Agricultural and Colonial Credit*

The problem of international agricultural credit began to be studied by the International Institute of Agriculture in 1926. The present depression, together with the more serious impoverishment of the agricultural countries owing to the political deviation of the investments of capital, caused it to renew its efforts and to take the initiative with a view to prompt practical action. The organisation of international long-term credit was first spoken of in the Preliminary Conference for Concerted Economic Action. The idea was accepted and developed in other meetings, and finally a delegation of the Special Committee of the League of Nations, in which the International Institute of Agriculture was also represented, was instructed to draw up a precise scheme for the organisation of international agricultural credit.

At the same time the Commission of Enquiry for European Union followed the initiative with close attention, particularly in the interest of the countries of Central and Eastern Europe, which were suffering more grievously from agricultural distress and were



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unanimous in demanding that active steps should be taken.

"The scarcity of capital," it observed, "is one of the principal causes which prevent the farmers from changing the crops grown, giving up the crops which to-day are superabundant to cultivate those of which the consumption tends to increase. Moreover, all the measures which aim at improving the amenities of life in those European countries in which the standard is too low would necessarily contribute towards increasing in those countries the demand for agricultural products of higher value, such as meat, milk, fruit, etc. The granting of credit, more particularly in the countries where the rates of interest are higher, would contribute, therefore, to vary the production on the one hand and on the other to increase consumption: two conditions equally necessary for the general improvement of agriculture. In addition these measures would have the effect of increasing the purchasing power of the agricultural populations, notably their demand for manufactured products."

This was the origin of the scheme which was approved by the Council of the League of Nations and signed on May 21, 1931, by the representatives of the Governments of the following countries: Belgium, Bulgaria, Czechoslovakia, Estonia, France, Germany, Greece, Hungary, Italy, Latvia, Luxemburg, Poland, Rumania, Switzerland and Yugoslavia. To these were added later England and Sweden. The Mortgage Credit Company set up at Geneva under the auspices of the League of Nations will have the following functions: (a) to lend sums repayable over a long period by means of amortisation, or in a medium period by amortisation

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or otherwise, to mortgage or agricultural credit companies or institutions which grant either directly or through the medium of other companies or institutions situated in the same countries, loans on the first mortgage of the immovable property comprised in a farm or auxiliary to it; (b) to issue and negotiate bonds, the repayment value of which must not exceed the value of its advances to the national companies, guaranteed by first mortgages inscribed in their name and belonging to them.

The capital is fixed at 250 millions of Swiss gold francs and is subdivided into shares of 2,500 francs, to be issued in each of the countries the Governments of which are signatories to the convention. A special reserve of 25 millions of Swiss gold francs, equivalent to 7,258,064.516 grammes of fine gold, is formed by means of repayable loans from the Governments, proportionate to their respective contributions to the budget of the League of Nations. The Mortgage Company is authorised to issue bonds to an amount not exceeding ten times the subscribed capital and the special reserve.

The organisation of short-term agricultural credit was first discussed at the International Wheat Conference convened in March 1931 by the International Institute of Agriculture. In the intentions of the promoters this organisation was to supplement long-term and medium-term credit and exercise an essential function, that of restoring the economic and commercial equilibrium of the farms and facilitating their working.

After various phases of active study and continuous consultations with the organs of the League interested in the matter, particularly the Commission for European Union, the Institute, on the initiative and under the

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presidency of the present writer, convened in Rome in August 1931 a meeting of representatives of the following countries: Belgium, Bulgaria, Czechoslovakia, Denmark, France, Greece, Hungary, Italy, Latvia, Poland, Portugal, Rumania, Spain, Sweden, Switzerland, Turkey, Union of Socialist Soviet Republics and Yugoslavia, with observers from Germany and the Netherlands, and of representatives of other public international institutions and of the more important credit institutions, to study the constituent act, the convention and the rules of the International Agricultural Credit Bank. After the modifications deemed necessary had been introduced, the delegates of the Governments signed the protocol of the convention which lays down the functions and essential rules of the new institution. The sole function of this institution will be to discount bills of exchange presented to it by national credit institutions which have been drawn in connection with loans made to farmers or to their associations, with all the guarantees required by the Bank, in conformity with the laws and usages of each country. The bills will bear the signatures of the principal borrower and of the national credit institution recognised by the Bank. The Bank will be founded by agreement with the credit institutions belonging to the countries which are interested in its formation, and these institutions will subscribe its shares. The agreement of the Governments, on the other hand, will assure to it the necessary legal and fiscal facilities.

It will be seen from this that the structure, as simple as possible, of the organisations which are to work in the international field for a sagacious distribution of credit to farms has already been devised. It will be able to start

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operations as soon as the excessive tension of the money markets has given place to freer working. It will be necessary that the Council of the League should study in due course whether it will be desirable to transform these organisations so as to render them adequate for the larger task of credit organisation and of the administration of capital for purposes of colonisation, or whether on the other hand it will be better to leave to them their specific function of credit for land improvement and for farming expenses and to entrust to other institutions the provision of credit for colonial installation.

### *Examples Furnished by Italy in Credit Policy*

There are not wanting, especially in Italian tradition and Italian legislation, examples on which to model the institutions necessary for this purpose.

As the *Stock Exchange Gazette* well observed, in a series of articles published early in 1933 on Italian credit institutions for promoting and assisting productive energies, the strict relations between the State and the functions of credit for encouraging production are a brilliant tradition of the economic history of Italy. The principle of supplementing private initiative proclaimed in the Labour Charter and the subsequent legislative development have found in the matter of banking and credit traditional schemes, some of them glorious and fruitful of new applications. Amongst these are the Monte Grande and the Monte Piccolo, the Banco di San Giorgio of Genoa, the policy of Venetian expansion, the exercise of the authority of the State over the Bank of

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Naples, over the Opera di San Paolo, over the Monte dei Paschi and over other important credit institutions. This structure, the periodical notes, has been amplified in recent years by the creation of new credit institutions serving for special needs. This is a development which merits all the attention both of economists and of business men. A new institution particularly worthy of note is the Istituto di credito per il lavoro italiano all'estero, with a capital of 100 millions of liras, half of which was subscribed by Italians abroad, which was formed to encourage and to support the economic activity of Italians in the colonies and in foreign countries. Its financial strength is far from remarkable; much more remarkable are its significance and the example of its work in the guidance of labour and credit beyond the frontiers, in the search for possibilities of gain, an action which embodies the nucleus of our scheme.

The Istituto Mobiliare Italiano and the Istituto di Ricostruzione Industriale, and the many semi-official credit institutions, which to-day strengthen in every field Italian productive labour in the kingdom and in the colonies, are noteworthy experiments in the corporative administration of credit, inspired by co-ordinated criteria of proved social productivity.

We may also mention the Istituto fascista di Previdenza sociale, the Cassa Depositi e Prestiti, the Consorzio di Credito per le opere pubbliche, which in recent years have made advances to the extent of more than 2,000 million liras, a small part of which has been intended for colonial undertakings.

Nor are there wanting in other countries other institutions to be incorporated, with the necessary adaptations

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and connections, in the new international credit system. In particular there are certain organisations working in the colonies and mandated territories, which must be studied with due care, in order to see what possibilities they may have of development in relation to the new tasks and to the placing of the mandates system on a rational basis. We may mention, amongst others, the Land and Agricultural Bank of South-West Africa, modelled, for the most part, on the Land and Agricultural Bank of South Africa, which was founded in 1912 and carries on an intense and many-sided activity in financing small agricultural undertakings and in encouraging works for the preparation and improvement of land.

### *The Elaboration of the International Credit System*

It is superfluous and would also be premature to describe here in detail the forms and schemes of which advantage might be taken in elaborating the international credit system. We have only indicated them. And the schemes of Delacroix, Reid and Franqui undoubtedly also deserve to be mentioned. The last-named, in particular, which was discussed by the Commission for European Union, might serve as a useful basis for study in future international meetings, because it presents elements of safer co-ordination. It is the most organic of all and starts from the conception that credit is the instrument best fitted to revive international trade.

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## *The Mobilisation of Savings*

The initiatives here referred to are those which have been taken by the organs of the League of Nations or are schemes already submitted to them. The rapid review that we have made of them enables us to conclude that the accumulation of savings, unfortunately reduced by the excessive pressure of taxation caused by the expenditure on armaments and by the war debts, but still going on, thanks to the higher returns of human labour and of the technique of production, still assures to-day, and will be able to render more copious to-morrow, the living sources of long-term investments for the economic expansion of countries of advanced civilisation and for the intensive exploitation of regions with unexplored or undeveloped resources.

The co-operation of the States and their agreement regarding the more certainly productive employment of capital, to the common benefit, and regarding the distribution of such employment in time and space (avoiding all the forms and possibilities of monopolies on the part of countries and of groups, and rendering impossible every attempt, of whatever kind, at business speculation)—the forms of mutual insurance of risks, forms which legal and economic practice has brought to a high degree of technical perfection—are subjects which must be treated concretely and the progressive solution of which will revive the confidence of the business world, will liberate the mass of capital now lying inert, and will redirect towards productive ends the enormous mass of short-term indebtedness.

On these points the Economic and Monetary Confer-

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ence of London (1933) might already have traced a practical programme in order not to condemn itself to an empty academic sterility, which certainly has done nothing to further the progress of co-operation between States and between peoples.





# THE PRACTICAL APPLICATION



## CHAPTER VI

### THE ORGANISATION OF EUROPE AND EURAFRICA

#### *The Civilising Hegemony of Europe*

As we have now examined the quantitative possibilities of complete economic co-ordination, that is the available quantities of the various factors of production which remain inactive because they are not fully and advantageously co-ordinated, it may be remarked that we have not yet proposed anything practical which can certainly and incontestably be carried out. From what starting-point must this work of co-ordination be initiated, how can it be initiated and what concrete form can we give to it? This is the crux of the practical question.

In the meantime, however, we think that it is an advantage to have passed from the emphatic pronouncements and lyrical phrases about international co-operation, which are current and which breath is wasted in repeating, to a treatment which, if not complete, is certainly concrete precisely because it deals with verifiable and verified quantitative factors. It was necessary to pass from generic assertions about the immense regions accessible to human labour to a prudent and positive estimate, which does not conceal from itself the difficulties of adaptation and of organisation to which the hard work of men will be exposed, and which endeavours to test the aptitudes and possible forms of capitalistic investment to which the

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colonising undertaking must not be subordinated, but with which it must be co-ordinated.

Undoubtedly our task is rendered easier by the certainty that, though the problems of the form to be given to the new system—political, economic and financial problems—are difficult, they will have a solid support in the conception of an irrefutable economic reality, of a matter which contains in itself the germs of the desirable development in a field which lends itself to well-devised and efficiently executed attempts at economic co-ordination. This reality, this matter, this field are represented by Europe with its present necessities, with its aptitudes and prospects of expansion, with the necessities of strengthening its moral order for the benefit of all the peoples.

We believe that a well-constructed and well-equipped *European union*—or better, as we shall see, *Eurafrican union*—will be the best example and preparation for the future forms of world economic and political collaboration.

In this study we cannot throw light on the European problem in all its aspects. To do so, moreover, would be almost superfluous, after the ample and in many respects admirable treatment of the subject at the Volta Meeting, held in Rome in November 1932.\* Let it suffice to recall that the idea of the Federation of the States of Europe is in the tradition of the purest Italian thought, from Dante to Mazzini, to Garibaldi, to Crispi, to Pantaleoni. The logical and luminous outcome of this tradition is Mussolini's Four-Power Pact, the beginning of the concrete construction of the new Europe.

\* *Reale Accademia d'Italia: Convegno "Volta."* Rome, November 14-20, 1932. XI. *Relazione e comunicazioni.*

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It is idle to seek or to endeavour to attain the union desired by those great spirits, in conformity with an Italian spiritual tradition, if the factors of the productive combination of which we have spoken up to now are not put in operation. Moreover the fact that, in spite of the prophecies of union which exalted minds have made at all times since the Middle Ages, centuries of history have passed over the continent without any approach being made to the cherished ideal, the divisions and conflicts having rather multiplied until finally there broke out the greatest conflagration that the memory of man has registered, serves to show what political difficulties and conflicting positions are opposed to the carrying out of an increasingly evident economic necessity: the unity of the European market. To render this unity—which is an almost unrealised fact and in any case unorganised and hazardous—positively organised, to make it become conscious of itself, this is the only work capable of overcoming those political and historical difficulties and constituting a firm point in the hard task of placing world economy on a new basis. On the other hand, all the plans for Pancuropa will be without a foundation if they wish to make of the union of the continent a self-contained structure; and this because not even the Continent of Europe can abstract itself from the web of interdependences which binds it to the other continents in the vast and yet single world market. European Union can only be the result of the co-ordination of the factors of production which the States of Europe are beginning to carry out, by successive understandings, to their own advantage, but not merely to their own advantage, and not only in the European orbit, but also and mainly outside that orbit.

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## *The Principle of Unification*

As long as the Commission of Enquiry for European Union, the organ of the League of Nations, created as a result of the well-known initiative of Briand, remained closed to this realistic conception, which is in conformity with the force of the new times, Paneuropa could only be and only was an academic and much less brilliant revival of an idea which had already attracted throughout the centuries the exalted minds of statesmen and of poets, without any possibility of practical progress. In a further stage of its activity it showed that it was willing to accept the new germ which is the direct expression of the principle of corporate organisation and co-ordination, and certainly its work, when it can proceed more expeditiously and easily, in virtue of the Four-Power Pact, will give results of great importance.

The principle of co-ordination must have, we have said, a field of application both in the European orbit and outside of it. Our continent itself is capable, owing to the available land which might be more intensively cultivated, if not on account of the mineral resources, of rendering effective and of remunerating the effort of human labour armed with powerful modern technical means and aided by capital. The example of the remarkable work of land improvement which Fascist Italy is carrying out with no means but its own gives an idea of what an increase of European industry and agriculture might result from co-operation in efforts to improve the lands capable of improvement in a large part of East-central Europe, in that very part where the crisis is most

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severe, although unemployment there is less than in the industrial countries.

It must not, however, be imagined that these regions can take much European population and that the intensification of agricultural production can be immediately applied there. It is rather a question, in the first instance, of undertaking a work of preparation in view of this result, and of even greater results in strengthening the bonds which must bind together the States of the Continent; a work which would encourage the Balkan and Danubian countries to develop their agriculture industrially and which would give them a modern equipment of easy communications, at the same time reclaiming the land not yet cultivated or badly cultivated.\*

The slight efficacy of the agrarian reform carried out in several of these countries after the war, although mainly due to the lack of the capital which would be required by the new owners, depends to a large extent on the want of that preliminary equipment by which, in addition to the great communications, the network of secondary roads is established, the rural centres of habitation are increased in number, and the markets for agricultural products are grouped and brought nearer.

We shall see presently how it will be possible to initiate this work. In the meantime we can proceed with our examination of European territorial and colonising possibilities outside the Continent.

None of the countries situated in the other continents

\* In this connection mention may be made of the initiatives taken and put into effect by the Italian Government: in particular the Italo-Austro-Hungarian agreements of Rome (March 1934).



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which, as we have seen, contain lands capable of being colonised, is, on principle, to be excluded from the possible action of European development. The historic mission of Europe has been and still can be that of promoting in other countries and peoples of the world the material and moral advancement of civilised existence. But to-day many causes disturb and hinder this mission, which would be for ever compromised if a conscious work of co-ordination did not aim, in conformity with the principle of economic advantage, at putting in operation the available factors, in the places and by the methods which are best calculated to ensure the best result with the least sacrifice.

The countries of South America and a large part of Asiatic Russia lend themselves, as we have seen, to an intense revival of European expansion both of men and of capital; but this revival presupposes, already advanced and perfected, the work of co-ordination of the various factors.

We have had occasion, on the other hand, to consider that Africa is the continent already predestined and predisposed for a new organisation which will serve to develop, together with the lands and the mineral wealth, the forces of the native populations themselves in such a way as to supply to Europe the raw materials and the foodstuffs of which it will have need for the increase of its factories and for the well-being of its population; and will serve also to raise the purchasing capacity and the level of civilisation of the non-European races and thereby provide assured outlets for the increased industrial activity of Europe and set up an intense exchange of goods and of services between the two continents.

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## *Eurafrika*

The African problem is, in our opinion, not only an integral part but the fundamental constituent factor of the European problem. As a geographical and territorial reality it can thus be indicated.\* If we imagine the frontier of European Russia prolonged beyond the Mediterranean, this line of prolongation will coincide with the line which separates the Dark Continent into two great parts: to the east the possessions of Great Britain, to the west those of continental Europe. Abyssinia and Egypt are the only independent countries in the first part, Liberia the only independent country in the second.

Even if, in the first stage of the economic construction of Europe, it might be necessary to limit the agreements to the continental countries owing to the refusal of Great Britain to take part in it, and, therefore, to do without British co-operation in Africa and for Africa, the part which may be called the Western European part of the Dark Continent would suffice for this construction. Let it be considered that this part is three times as large (16 millions of square kilometres) as the whole territory of continental Europe (5 millions); it is nearly equal to Asiatic Russia and little smaller than South America (18,380,000 square kilometres). This gigantic closed colonial dominion, which is composed of the possessions of France, Belgium, Portugal and Spain, is subdivided in its turn into two parts by the Desert of Sahara, a division not only geographical but also ethnic.

\* We are here largely following Coudenhove-Kalergi in his useful articles in *Panuropa*.

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In North Africa live a million Europeans and 12 million natives; in Central Africa (French West Africa, French Central Africa, Belgian Congo, Angola), that is on a territory larger than Australia, larger than the United States or Brazil, twice as large as Europe and India, live only 50,000 whites and 50 million negroes. While Europe and India, as the author cited observes, each contain 300 million inhabitants, the number of inhabitants who populate this vast part of the earth is only half as large again as the number of Javanese (35 million natives and 135,000 whites), who, under the same tropical sun, occupy an island which with its 138,000 square kilometres is smaller than Czechoslovakia (140,000). Which shows that, with its four inhabitants per square kilometre, Africa is a part of the world almost empty of men.

The free circulation of men and of goods in all the world will be, because it must be, the reality of the future to which our efforts must be devoted and our steps judiciously directed. The economic exchange between Europe and Africa is, on the other hand, a much closer reality; and closer still is the reality of the economic integration of continental Europe with the part of the African territory occupied by it. Not that the vast regions of South America and of Asia do not allow of even ample forms of external collaboration, including European; but it is certain that American policy on the one hand and Japanese policy on the other hand, with their insistence on tutelage and their needs for their own outlets in those lands, will render it difficult, for many years to come, to establish the bases of a universal co-operation wherein Europe may play a part which, if not a leading one, is

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at any rate equivalent to those of the other great territorial economic groups.

The mission of civilisation which devolved upon Europe in relation to the two American continents has completed its cycle from the discovery by Columbus up to the world war; and it is certain that the new cycle, that of full economic development, particularly in Latin America, cannot be completed without the powerful infusion of human energy derived from European countries. This, however, cannot be amongst the immediate tasks of a concerted European economic policy. On the other hand the flowing back of European civilisation to the Asiatic continent, though it may be recommended for commercial penetration and for the stable settlement of large technical groups, encounters many serious obstacles in the ethnic, political and economic competition that are met with in that immense territory.

The overcoming of these obstacles and the settlement of the conflicts and differences of the present day to enable the peoples to live together in harmony and work for the common purposes and the common benefit of all the nations will certainly have its hour, but perhaps the ideal timepiece on which that hour must strike has not yet been made.

The construction of what has aptly been called Eurafrica is, on the other hand, a problem of which the solution is not so difficult nor so remote, and it may be found in a just economic distribution of the zones of influence between the various European, Asiatic and American economic groups. We mean that Africa is—and cannot fail to be—considered and recognised as *strictly complementary to Europe*, from which it is separated by a great

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lake, the Mediterranean, which once before had the glorious mission of uniting the two continents in economic and political life. We are in the presence of an historic and economic necessity: historic, because Europe must feel itself impelled by its vocation of civilisation to carry the light of thought into regions which still live in barbarism or barely on the verge of civilised existence; economic, because, to compensate for the loss of its overseas markets, Europe can only enlarge or create markets in the Dark Continent where it has already set up the emblems of its dominion.

This is why Africa is the basis of the future production and the future market of Europe; this is why the economic future of Europe is undoubtedly in Africa. Africa is the natural and historic outlet for its expansion.

The purely economic data of the problem are now known: the fact that large masses of men are available whom the economic saturation of the old continent leaves outside the factories and drives off the land, who impose very heavy burdens on the public budgets, and who are ready or can be quickly trained for a work of intense colonial development; the lands and the raw materials in which the African continent is rich; the capital, the source of which, as we have seen, is not entirely dried up, and which, with the lightening of budgets and of the pressure of taxation, and with renewed confidence, will be able to give more abundant yield for more definitely industrial purposes—the more so as the first investments of capital in the great undertaking for the development of Africa will show the greater productivity of such an enterprise and will doubtless attract new investments.

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## *The Difficulties in Carrying Out the Plan*

There is not wanting, therefore, the material to be co-ordinated. The difficulties in the way of co-ordination are physical, social and political. Let us now examine them briefly.

The greatest physical difficulty is that of the climate. The temperate regions of South Africa are in the possession of Great Britain; Europe, outside the Mediterranean region, only possesses tropical lands. But, in the meantime, in this region there is room for thousands of colonial farms and for millions of men.

What has been done in the Sudan by England, in Lybia by Italy, in Algeria by France, shows how much can be done and how much ought still to be done to wrest from the desert, by zealous work, by tenacious efforts, by inventive genius, land capable of supporting new cultivators and of giving abundant fruits. In the South the tablelands of Angola present conditions of climate and of soil suitable for settlement and colonial development. In the great intermediate region the conditions of climate and above all the hygienic conditions are less propitious for habitation by Europeans, but the hygienic conditions can by the breaking up of land and by bringing it under cultivation, by the struggle against epidemic and endemic diseases, be so transformed as to render habitation by Europeans less trying and sometimes very agreeable.

As regards the climate, the struggle against tropical heat, as Coudenhove justly observes, will not be more difficult than the struggle which has been going on in

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Europe for thousands of years against the cold of the North Countries which, on account of their rigid climate, seemed almost uninhabitable to the Romans, but are to-day centres of universal culture. No Roman would have believed it possible that 60 millions of people would one day colonise the marshes and forests of Germany.

It is possible, then, that some day our descendants will found great cities on the banks of the Congo and create there the conditions of a highly civilised existence. In the same way that heating, clothing and housing have made victorious war on the inclemency of the Northern climate, so artificial cold, clothing and housing must make war on the climate of the tropics. Central refrigerating plant will have in the South the same function that heating plant has in the North. Subterranean houses and cities will protect men against excessive heat. Products and ointments will be manufactured to prevent the harmful effects of the tropical sun. The manner of living of Europeans will be adapted to the new climate, the people of Europe following in this the example of the Indian Aryans who came one day from the North to dwell under a climate equally different for them, but have adapted themselves to it and have maintained themselves in it for centuries. The peoples of Southern Europe who have in recent times peopled and colonised South America are called upon to be the first to colonise Africa in the future; amongst these the Italians stand in the front rank, their rapidly increasing population fitting them for this great European mission.\*

The greatest social difficulties are those of different

\* *Panuropa*, Fifth Year, Nos. 1-3.

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racés living side by side, and of the colonial labour system which Europe must render milder in order that it may be more fruitful and more worthy of its civilising task. It is necessary to recognise, without circumlocution or attenuation, this blunt truth, which moreover was authoritatively proclaimed at the Volta Meeting\* to which we have previously alluded—European dominion in Africa has been in most regions nothing less than a detestable exploitation for the benefit of the mother countries and to the injury of the natives.

“Undoubtedly,” Senator Manfroni notes in his report to the Volta Meeting, “Europe has brought many benefits to these possessions; it has destroyed barbarous customs; it has opened ways of communication; it has spread instruction, it has put an end to the scourges of famine and of the terrible contagious diseases; it has assured internal peace to people torn by the quarrels and conflicts of petty sovereigns; it has, in short, carried out a very noteworthy work of civilisation, spending profusely money and blood.”

“But there is a very different side to the shining medal”, as has been said in a very happy phrase by a French Minister for the Colonies, ex-Governor and ex-director of colonisation, Albert Sarraut, who had a profound knowledge of all the complex colonial problems, and not only the French colonial problems. In reality he expressed publicly a sentiment which is common to many students of colonial affairs, a preoccupation which disturbs many colonising countries. He expressed in eloquent and pointed language what others have said in articles in

\* See, amongst other reports, those of Olivier, Bartholdy, Manfroni, and, as regards Asia, that of Pernot.



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journals, in reviews or in public discourses more simply or more bluntly. "This grandiose work of civilisation has its high lights, but it has also its shadows. . . . This work was initiated in the most selfish manner and merely in the interests of the colonisers—that is, civilisation has been promoted but without taking any account of the particular interests, of the lofty and noble sentiments of the populations, thus affording the opportunity for skilful political agitators, particularly foreigners, to make a very active and successful anti-European propaganda, which is becoming every day more widespread and more dangerous."

The colonial policy followed hitherto by the European States has violated even the sacred pledge laid down by the Act of Berlin whereby the signatory Powers undertook "to conserve the black populations and to improve their material and moral conditions of life." The "colour bars," the "native reserves," the forced labour, the slavery which Europe did not introduce into Africa but which it has not extirpated, are the ingenious expedients and the fruits of this policy which has procured fat dividends and distributed privileged shares, but has not been able to lead the agriculture of those lands to the high yields of which it is capable, nor succeeded in creating assured outlets for the industry of the old continent. It has rather, for the most part, awakened in the native population, together with bitterness against the usurping white civilisation, widespread movements of hostility, which even small incentives may transform into open rebellion and well-conducted propaganda and organisation might cause to develop into the dreaded colonial revolution.

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It is clear that for a concerted colonising action of European Powers the policy must be radically changed. It is necessary that Europe should recognise, or at any rate that the European States which can combine for such action should all recognise, the pledges past and present (that is, the pledges consecrated by the signing the Covenant of the League of Nations) to fulfil loyally, and, in fact, to their well understood benefit, even material benefit, the function not of oppressing but of liberating from slavery and barbarism, and of raising to high levels of civilisation, populations which must in the end be the principal factor in the economic regeneration of Africa.

It is well, indeed, to bear in mind that with all its capacity and with all the expedients which hygiene and modern technique can employ to combat the inclemency of the torrid climate and to render living in it comfortable and even pleasant for the white population, Africa cannot be the only means of drawing off the surplus population and the workers of Europe, nor can all parts of it be utilised for that purpose. For vast regions the native population must always have its natural increase, which must contribute towards assuring its prosperity in a future more or less near. Even in these regions the European colonising countries must and can supply the directing element. Until such time as the programme traced by us is carried out, the dominating European countries ought to feel the urgent necessity of revising all the systems on which, for the most part, the exercise of colonial dominion is based.

As to the problem of native labour, all that we have said on this subject in the third chapter may suggest the guiding lines of the new system in regard to Africa.

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We refrain, accordingly, from dealing at greater length with this matter and pass to the political difficulties.

### *The Colonial Corporation*

These difficulties are now much less serious than might have seemed a little while ago. The Pact of Rome, signed on the initiative of Mussolini, forms the four Great European Powers, once the easily soluble problem of the German colonial minority has been settled, into a block capable, in law and in fact, of taking in hand, with full liberty and full responsibility, the direction of the co-ordination of European energies for the complete economic and civilising conquest of Africa.

The Four-Power Pact, which reserves the leadership of Europe to the greater Powers, but does not exclude the consideration of the interests of the smaller Powers, can here carry out that principle of integral collaboration on which Mussolini has rightly insisted in his far-seeing policy. It would be disastrous to conceive a construction of European society which began by opposing the group of colonial Powers to that of the other Powers which have no possessions or have been deprived of their possessions. The division would lead to an irreparable schism, and sooner or later there would be the urge of the Balkan and Central European countries towards the outlets and the sources of supply of Asia. The leadership of this movement would be assumed by Germany, and the lands of Asiatic Russia would receive Danubian and Balkan colonising labour, and engineers and technical plant of German training and manufacture. On the other hand, the group of colonial countries could only gravitate round

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the greater ones, England and France. Eurafrica would in reality be under Anglo-French dominion, while Eurasia would be under Germano-Sovietic dominion. This would not only put an end to all European solidarity and to any idea of future union, but would constitute the most pernicious germ of conflicts and conflagrations that our age could hand down to future ages.

Colonial co-operation, and therefore the active principle of European union, cannot be carried into effect without associating the countries of Eastern and Central Europe with the Western countries that have colonial possessions. These latter must form the first nucleus of the entente, but the entente must immediately be extended to embrace the whole of continental Europe. The fruits of such an extended entente will be the more abundant, and the complete regeneration of Africa the more rapid, the more the various colonising aptitudes, the various forms of administrative and executive labour contributed by the various European nations have opportunities of being utilised.

The grandiose education, if we may so express it, of the two Americas, which Europe initiated and pursued for the civilisation of the world, was the joint work of all the peoples and races of the old continent: Englishmen and Irishmen, Italians, Germans and Dutchmen, Spaniards and Portuguese, Scandinavians, Slavs and Jews. As no people was prevented from co-operating in the formation of the two Americas, so all must lend their aid in the immense task which the twentieth century assigns to Europe, and all must benefit by it.

Italy and Germany are naturally indicated for a place

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in the front rank in this work of development. They are the countries which combine the conditions of a high density of population and, therefore, of an imperative need for expansion, with a by no means negligible colonial experience and a high level of civilisation. The other colonial countries, except Belgium—but with the reservation which we made at the beginning with regard to the meaning to be attached to density of population—are not overburdened with population, and for them the development of Africa, in the true sense of the words, not merely occupation or little more than occupation, could not be carried out without the participation of nations which have copious reserves of men at their disposal.

Without wishing to go beyond our task, we may be allowed to assert, so far as Italy is concerned, that her rights to a natural expansion in the neighbouring continent ought not to be any longer impeded. We believe that this expansion can only meet with opposition on the pretext of prior occupation, and such a pretext runs counter to the very aspiration that European States should live peaceably together.

A second proposal has been put forward by Schacht, and that is to form large commercial companies which shall take on lease large areas of land to colonise. This solution would offer to the countries mentioned the means of participating in the intense future colonial activities and would not require changes of frontier.

We will not revive here the old discussion on the famous chartered companies, on the benefits and the injuries they caused both in the countries in which they operated and in the mother countries. In short, one may say that,

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whenever it was a question, in the past, of occupying a region still undeveloped, of endowing it with its first equipment and of setting it on the path of colonial development, the great companies fulfilled well the task they had undertaken. History is rich, unfortunately, in abuses, in depredations, in infamies to which their work gave rise and opportunity. Accordingly, though there are objections in principle to be urged against the idea of reviving the chartered companies, it seems necessary to regulate their powers cautiously, adapting their charters to the new circumstances. It would be better still to form true "colonisation corporations."

The more active and organic participation of the State authority in the administration of such a body would render it less liable to forms of exploitation and to actions trespassing on the functions of the State which has given the concession, and calculated to lower its prestige. But the attempt, in relation to Italy and other countries, can doubtless serve to correct the more serious inequalities which the peace treaties have introduced into the colonial administration of the European States; it does not, on the other hand, offer itself as a powerful means of promoting that union and solidarity to which a truly constructive effort ought to tend. We should still remain, with the privileged companies, whatever might be the new form they would take, in the old colonial system, which we ought rather to endeavour to suppress.

Some other countries, which are undoubtedly pre-eminently entitled to do so, would associate themselves, with considerable contributions of capital and of human labour, with results certain to be highly productive, to the concert of colonial Powers already in operation, but

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the other countries would remain excluded from it, and there would be danger that they would be quickly pushed, by a more rapid impoverishment, into the sphere of Asiatic economy and Sovietic influence.

### *The Most Practical Solution*

The third—and most practical—solution is to grant equality of rights on African soil to all European immigrants and colonists without regard to nationality or language, to grant equality of commercial treatment to native and European undertakings, to trade between Africa and Europe and between the various regions of Africa. In other words, we ought to effect a modification of the principles laid down in the constitution of the Belgian Congo as it is fixed by the general Acts of the Conferences of Berlin and of Brussels, and in the Covenant of the League of Nations so far as the equal treatment of trade and the administration of the mandates are concerned.

According to the constitution referred to, Belgians and foreigners enjoy in the great Central African colony all the civil rights recognised by the legislation of the Belgian Congo. Their personal legal status is regulated by the national law in so far as it is not contrary to public order; if the foreigner has no nationality the Congo law is applied to him. The enjoyment of these rights is only subject to registration in the office nearest to the place where the immigrants have arrived, and in the event of failing to register they can be expelled. After five years of residence in the colony, with a continuous sojourn of two years, registered Belgians and foreigners can no longer be expelled or removed for any reason. Belgians

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and foreigners are equally subject to the legal orders of the authorities and to native custom, when this is applicable to non-natives. The European must observe native custom if he deals with a native in a matter which the laws and decrees have not regulated and provided for. A difference exists between Belgians and foreigners—and it could not, of course, be taken as a rule in an adaptation of the régime to the Europeanised colonial administration—in regard to the enjoyment of political rights and to agricultural or mineral concessions; the exclusion of a foreigner does not give him any right of complaint.

Articles 1, 3 and 4 of the Act of Berlin provide for freedom of trade for all nations in the Basin of the Congo. Article 4 prohibits any import or transit duty; the Act of Brussels, on the other hand, set up an import duty of 10 per cent, applicable, however, to all goods whatever their origin might be. On the other hand—and this is another provision incompatible with the principles of the Covenant and with their further application—any duty may be imposed on exported goods. The freedom of trade in the Congo Basin allows the local authorities to tax fortunes and commercial profits provided the taxes affect the subjects of all the nations. The colony has the right to subject the recruiting of workers to any conditions it may consider necessary, to prohibit it to private individuals and to entrust it to particular persons and bodies; and so faith is kept with the tutelage and preservation of the native races required by Article 6 of the Act of Berlin. This Act is particularly noteworthy for the absolute prohibition, laid down in Article 5, of any monopoly or privilege in the matter of commerce. It sets up free competition among all nations and among all the subjects



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of all nations. A corollary to freedom of trade is the liberty of traffic by river and by land. As to Article 6, previously mentioned, the obligation which it imposes implies the duty of organising a medical service capable of combating the causes of depopulation and that of tempering by adequate measures whatever there may be in the colonial enterprise that is morally dangerous for the natives. It is here, obviously, that vigorous efforts are required which can only result from concerted action, to make good past deficiencies and to clear black Africa from disease, from physical degradation and from depravity, evils from which the continent will certainly not be liberated under the colonising policy followed hitherto.

The provisions of the Act of Berlin undoubtedly contain sound and rational principles in the matter of colonisation; and so that they should not fall into disuse and the States already subject to the rule of those principles should not abandon themselves to a particularist policy, it is important to strengthen them and to supplement them with other principles and rules which the public conscience has been evolving. The lack of a sanction for failure to observe their rules and for violation of them is the most serious defect of the Acts of Berlin and of Brussels. Even before the war distinguished colonial statesmen wished for international regulations which would extend the sphere of application of those two basic conventions and at the same time ensure, by means of appropriate organisations, that they should be respected. These regulations, however imperfect, to-day exist in the Covenant of the League of Nations. The principle of equal treatment and the principle of the administration of the man-

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dates must serve to complete the Acts of Berlin and of Brussels.

A concerted programme of joint colonisation in Africa ought, after diplomatic preparation by the four Great Powers or after preliminaries arranged by the chief of the Latin countries which have possessions there, to be drawn up by a colonial conference in which, besides the Latin countries, Germany, England, Belgium and Holland would take part. The conception from which the conference ought to start is that which we have here indicated: to harmonise the principles laid down by the Conferences of Berlin and of Brussels with the stipulations of the Covenant of the League; to render the system of mandates, type B, faithful to the spirit in which they were originated and which ought to be embodied in them, as well as to the letter which has put that spirit into effect: which means the administration of countries not yet civilised or not yet completely civilised or capable of governing themselves by their own organisation, guided by the criterion of common benefits and common losses.

We shall see later what organisations could sustain and operate the new system.

In the meantime, we may remark that the Fund established by the Conference of Stresa for the relief of certain countries of Eastern and Central Europe—suitably modified, implemented and adapted—might become a Permanent Fund for assistance and development, including colonial development, with special reference to the financing of the joint colonising enterprises to be set up in the selected regions and localities of Africa, in accordance with colonisation schemes approved by the special technical organisation.

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## *East-Central Europe*

We have already noted that the attempts to unify the European economic system, the necessary prelude to a political federal form, which will be the further task of the States of the Continent, imply, besides a full and intense co-operation in the colonial sphere, also the work of raising and regenerating the countries of East-Central Europe. This does not mean that these countries should be urged along the path of industrialism. On the contrary, it seems to us that the diversity of productive aptitudes is a condition for the success of this work, which would be seriously hampered if it were based on a criterion of uniformity. Historical experience teaches us that some nations are stronger than some others because they can provide for the needs of their populations better than these others, owing to manifold regional variety, which involves a more intense and complex system of economic exchange. We may observe this process at work in continental units, according to the secular movement of economic and political consolidation, which began with the primitive tribe and will have reached climax in forms of world co-operation that cannot yet be foreseen.

It is expedient, therefore, that the European nations should remain diversified in the matter of their productive faculties and that there should continue to exist two or even three Europes: industrial Europe, agricultural Europe and agricultural-industrial Europe. But it is also indispensable, if we wish to forge organic links between all the parts, that the purely agricultural countries should be put in a position to render to the continental commu-

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nities whatever service they are capable of rendering. We have already indicated what is the essential need of these countries; they lack a modern economic equipment, even of an agricultural type, not merely the implements of work, but a proper territorial equipment for their operations.

Communications, main roads, electricity in rural districts, canals, irrigation works, rural dwelling-houses and so on, are the primary factors of the new rural activity which must be stimulated in Eastern Europe; afterwards will come farm roads, embankments, wells, reapers, balers, modern presses and, in short, all the technical apparatus of the farm. If a great European market is to be procured for the products of Eastern and Danubian countries, a market which is not protected by preferential duties, because in that case it will always be precarious, but secured by prices acceptable to the Western countries; if, in addition, the Eastern and Danubian countries are to equip themselves so that they, too, may assume the function of suppliers of European goods to the colonising centres in Africa, it is obvious that their potentiality cannot depend on agrarian reforms, however drastic they may be.

These reforms seem excellent if one considers the principle which has inspired them and the object at which they aim, that of attaching to the land large masses of peasants and of labourers; but they have been carried out without a proper co-ordination of all the factors, and, above all, they have not been grafted on a work of radical reorganisation of the economic equipment. It was, therefore, to be expected that the want of working capital in the hands of the new owners would enormously increase agricultural indebtedness and prejudice the

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benefits which it had been hoped to obtain from the new order of things.

The example of Italy, on the other hand, where no agrarian reform like those of East-Central Europe was carried out, but where the corporative co-ordination of the forces of production made it possible first of all to renew the productive equipment of the territory with the large networks of roads and with reclamation works and to introduce technical improvements in the farms, and afterwards to give an impulse to the renewal of the land system by means of participation agreements, initiated in the Padana Valley and certain to spread to all the regions of the Peninsula to which they are suited, indicates how and by what steps one ought to proceed towards the two principal objects: to increase the productivity of the land and to fix the agricultural workers on the soil.

It is necessary, therefore, to begin by the equipment of the countries with a view to a better organisation of production. What Italy has done for itself and by itself, it is necessary that Western Europe should do for the rest of the Continent. The concerted programmes of great works of public interest ought to aim at this object.

### *The First Start: Concerted Works*

Public works were considered, up to a short time ago, as one of the remedies for unemployment, as a means of finding employment for the more or less dense masses of unemployed workers in works of variable and sometimes even doubtful utility. In the international sphere there was this conception and, of course, for a certain time there could be no other conception. To the placing

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of workers—what might be called the classic form, which consists in facilitating the contact between the demand for employment and the demand for labour, a demand which is known or presumed to exist—to migration, to insurance against unemployment was to be added, with the growing density of the unemployed masses, the other remedy, the creation of work or the redistribution of the demand for labour by the authorities, the *Arbeitsbeschaffung*. This remedy can assume two forms: the State can reserve for periods of unemployment a prearranged group of public works; or it can, when unemployment occurs, create entirely new possibilities of employment by starting public works not previously arranged. As early as 1919 the International Labour Conference of Washington recommended “that each member of the Organisation should co-ordinate the execution of works undertaken on behalf of the public authorities, and should reserve, as far as possible, such works for periods of unemployment and for the most distressed regions.”\*

Certainly, during a period of unemployment which is, so to speak, normal, the works which the State carries out, if they were well chosen and calculated to benefit particular regions or the whole country, ought to constitute an economic employment. In fact unemployment implies the depression of costs and prices, which means that the materials for construction and the labour itself can be obtained on moderate terms. If to this be added the

\* With regard to the applications of the Washington recommendations, to the nature, the carrying out and the effects of public works considered as a remedy for unemployment, see *Le chômage et les travaux publics. Etudes et documents*. Series C.N. 13. International Labour Office, Geneva, 1931.

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saving effected by the State on the costs of relief or of insurance, it will be seen how much the practice of public works to relieve economic conditions can be recommended. On the other hand, there can be no doubt as to the direct effect that they have on the labour market and the indirect effect on industrial production. Calculating that the cycle of business depression brings with it a decline of 15 to 20 per cent in production, the counter-acting influence of public works for the relief of economic conditions would be represented, according to Wesley Mitchell, by 4 to 5 per cent; that is, the depression would weigh about a quarter less heavily. The use of materials for the works to be constructed implies an increased demand and, therefore, more industrial activity. This explains why the policy of public relief works has received so great an impulse during a crisis like that of the present time, in which the percentage of the slowing down of production has far exceeded the limit indicated by Mitchell, varying from 30 to 50 per cent.

Some States, such as Italy, have not contented themselves with using this remedy independently, as a social palliative, to be applied whatever might be the utility of the works in question. They have also arranged programmes of works graduated according to needs, but based on the principle of economic return and calculated to strengthen the national economic structure.

*Damnum cessans, lucrum emergens* is the motto which might be applied to this judicious policy, inasmuch as, on the one hand, the budget is relieved from the burden of the enormous payments for insurance and relief and the nation is spared the degrading spectacle of unemployed multitudes, while, on the other hand, the economic

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equipment of the country is perfected and much of the industrial activity of many factories is kept alive.

It is well known that in recent years, with the increasing seriousness of the economic disorder and the spread of unemployment, the question of public works has become of international interest, not only in the sense of the Washington recommendation as a cure to be methodically applied by all countries, but as a systematic remedy in the international field and embracing works to be jointly executed in the territory of several countries.

As early as January 1931 the Council of the International Labour Office pointed out to the Governments "the possibility of coming to an agreement through the appropriate organs of the League of Nations, with a view to joint execution of extensive public works of an international character." From that moment the question became more and more a live question and entered into the orbit of European interests, as it offered the nearest possibility of concerted solutions. In a memorandum presented by the International Labour Office to the Commission of Enquiry for European Union in April of the same year, it was stated that the utility of these works could be twofold: they were directly important to countries where they were carried out, and indirectly, but not less important, to the other countries because of the substantial improvements that they brought about in their situation through the orders for materials, implements and goods, and the demand for labour to which they might give rise. They also offered a psychological and moral advantage; as they concern all the countries of Europe for purposes of European interest, they tended to promote that spirit



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of co-operation, that European spirit, which was the object of the Commission of Enquiry.

It was then too early to indicate precisely what works could most easily lead to the attainment of this twofold economic and moral object, a task which had to be, and was, facilitated by further enquiries of a technical and financial character. But even then these guiding lines seemed clear: creation of a great network of international roads; construction of motor-roads, taking as model the initiative of Italy, which in a few years had made such great progress; co-ordinated development of the navigable waterways of Europe; international distribution of electricity; application of automatic coupling to all the European railways.

Although it has taken place in a comparatively brief space of time, it would be too long to follow here step by step the progress made towards international understanding, with a view to joint programmes of public works. The International Labour Office, the Transport and Communications Organisation of the League of Nations, the International Institute of Agriculture, the Commission of Enquiry for European Union, international conferences, organisations and meetings have studied the matter with keen interest, and Governments on their part have been induced to put forward programmes of works and estimates of costs which have been submitted to the most careful examination.

The list of programmes which have been considered suitable from the points of view of economic utility and of cost is a matter of public knowledge. We may here remark that all the works contemplated up to the present relate to Central and Eastern Europe, and that in the

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majority of cases their execution, though they must necessarily contribute to the economic equipment of the countries affected and keep alive the demand for producers' goods, cannot provoke the very natural fear that they might increase industrial overproduction. It may rather be asserted that they have been selected and co-ordinated with the object of a better distribution of manufactured products and of consumption goods. It is calculated that the execution of the works contemplated (excluding the works involved in the Salonika and Serres reclamation areas, which alone would involve several tens of millions of days of work) would provide more than a hundred million days of work for the unemployed of the territory on which the works were to be carried out or, it may be, of the neighbouring countries to which it might be necessary to have recourse. But the total number of days of work would be considerably increased if account were taken of the work which would be provided for workers in the industries called upon to supply, from other European countries, machines, cables, tools, rails, pipes and so on.

As to the financial problem involved in the execution of the selected projects, it has been authoritatively declared that the projects must not be considered as an undivided whole, but as works which it is possible to execute gradually according to the funds available. Some of these works would doubtless allow of a suitable remuneration for the capital invested in them; but others, though they would certainly increase the national income in the countries where they were carried out, would not ensure remuneration for the capital invested. The difference is undoubtedly a fundamental one; but the second

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category, comprising works which have been recognised as being undeniably suitable from the technical and economic point of view, must not be summarily rejected, because it could be assisted financially or guaranteed by all the European States and is calculated to stimulate private enterprise.

## *Criticisms of the Public Works Plan*

The Preparatory Committee of the Economic and Monetary Conference of London, and the Conference itself, examining the drift of opinion in international circles and the results of the studies, already well advanced, assumed an attitude which fluctuated between diffident reserve and definite opposition.

In the report which they compiled the Preparatory Committee said they thought it improbable that in the immediate future financial operations for the execution of a really important programme of public works would be possible. The previous year had shown the dangers of excessive indebtedness and difficulties of exchange in relation to the service of foreign loans. Moreover the Governments had so many imperative demands made upon them and were obliged to effect so many economies that they could not impose burdens of this nature on their budgets without first profoundly studying the question.

However, the Preparatory Committee recognised that if the Government of a borrowing country wished to give a guarantee of any kind in order that capital might be obtained more easily for such purposes, it was obvious that the execution of the proposed works would not be pushed forward in moments when it was difficult to

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obtain the sums necessary for even better projects. In the present state of affairs it would not be sound finance to supply capital except for the execution of public works which would produce the sums in national currency and foreign bills necessary to assure the service of the capital charges.

In the Economic Committee of the Conference of London, notwithstanding the attitude of the Preparatory Committee, the French Government, faithful to the declarations already made, put forward a proposal in favour of "public works giving an economic return, calculated to reduce unemployment, to restart the economic system and to increase demand." The proposal was in substantial agreement with the principles already evolved and made clear in the stage of preparation. Besides the original purpose, that of reducing the enormous number of unemployed, the projects to be taken into consideration must fulfil another essential condition: that of productivity.

How are we to understand productivity in the present economic conditions? The works to be proposed and to be carried out must not have the effect of increasing industrial equipment where the existing equipment can with difficulty be fully utilised and does not give adequate returns; the investment of new capital in works which would have similar results is undesirable. On the contrary, those undertakings are to be encouraged which tend, not to increase the means of production, but to bring about a better distribution of manufactured products or of consumption goods, and the lowering of their cost or of the cost of their transport in view of new outlets and new purchasers.

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The economists who have examined this problem with all diligence had fully realised that amongst the possible projects of works few were perfectly remunerative; that is, were such as to pay for their cost by their direct products in a brief amortisation period. Public works of international character and of international interest, not exclusively intended to relieve unemployment, need not necessarily possess these characteristics, which, moreover, would in themselves be sufficient to stimulate private initiative. Their productivity must, therefore, be understood in the sense that, by their more or less immediate effects on the economy of the countries benefiting by them, they contribute to the improvement of the industrial or agricultural conditions of the country without in any way increasing the equipment in regions where technical development has reached a sufficiently high level: it is, therefore, a productivity implicit in the equalising effect on industrial activity.

With reference to their international character, account must be taken of the indirect interest, which may be considered as equivalent to very high economic values. A road which directly joins two countries may indirectly link up various markets of other countries and thereby encourage international trade in the wide sense. However, the international character and interest may also consist in the fact that particular national programmes of public works may be co-ordinated in space and in time in such a way as to give higher returns in each of the countries concerned.

Lastly, with regard to the financial aspects, some essential points have already been made clear. These include the following points: that while the programme

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of works already studied and discussed usually require the assistance of foreign capital, it does not follow that such assistance necessarily implies in all cases inter-governmental agreements and measures to facilitate the financing; and that, in the event of inter-governmental intervention and guarantees, the less immediate but higher and more widespread return, the orders to be given to the factories of the countries giving financial assistance, the appreciable and immediate relief to the public budgets resulting from the re-employment of unemployed workers through the reduction of the expenditure on insurance and relief, would be powerful factors in overcoming the initial difficulties.

Of all this the Committee of the London Conference did not take any account, and the arguments put forward to combat the programmes of international public works embodied considerations which ought by now to be regarded as having been refuted. The declarations in which the English representative explained the reasons of the refusal of his Government to accept the proposals of the French Government added nothing new to the discussion.

The experience of England where, as he stated, a million pounds sterling spent on public works only resulted in giving employment to two thousand persons directly and to two thousand persons indirectly, which sounded like an argument against international public works, is, on the contrary, the argument which demonstrates their reasonableness and effectiveness. The example of other countries, where public works absorbed larger numbers of workers in proportion to the capital invested, goes far to lessen the importance of the English

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example, which is, moreover, not a little weakened by the failure to put in the other scale of the balance what the English budget was saved by the re-employment of four thousand unemployed workers, and the social cost in the form of lowering the standard of life which they had caused to the whole British community.

But it is not arguments of a strictly national character which can carry weight in this question. The experience of English public works, taken by itself, cannot be an argument against international public works, precisely because it stands outside that necessity of international co-ordination which is the essential condition of a programme of complex public works, sheltered, let it be well understood, from political influences and from national and international speculation.

### *A Remedy for the Crisis and a Beginning of Co-ordination*

With suitable guarantees, international public works can be one of the most rapid and most powerful means for the construction of European economy and European society.

As Keynes justly pointed out,\* they are not a palliative, but a positive remedy against the crisis. The programmes of great public works, by causing a certain rise of prices in some sectors of production and reviving the work of the factories which are called upon to supply material, stimulate all economic activity and provoke psychological

\* *The Times*, August 7, 1929, and *Treatise on Money*, London, Macmillan, 1931.

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reactions which are by no means a negligible factor in the course of affairs.

But their effectiveness goes beyond the mark indicated by the distinguished economist. They form, in their preparation, the beginning of that international co-ordination of the factors of production which seems to us the vital condition of an organic adjustment of future economy. They create and bring together not only the movement of capital as spoken of in the Report of the Preparatory Committee of the Conference, not only the possibility of finding work for a large number of unemployed workers as in the original conception of public relief works, not only an impulse to activity through the increased demand for materials of construction as in the programmes of the manufacturers, but all these things at once. Employment of men and use of raw materials, investment of capital, work of engineers and managers, are all involved in the productive organisation which is formed through public works of an international character, affecting several countries, and which prepares the framework of the greater economic structure of the future.

The interchange of ideas round this fundamental point of economic regeneration has steadily become more active, and authoritative opinions have been expressed by economists in support of international initiatives and national undertakings. The pronouncement of Cassel, who admits, though regarding them as secondary and subsidiary, the effectiveness of programmes of international public works as a remedy, and the further pronouncement of Keynes, who has returned to the argument and embodies the problem of public works in



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the policy of monetary revaluation advocated by him,\* have, from the theoretical point of view, the same high value as, from the practical point of view, the explicit confirmation of the principle contained in Roosevelt's message to Mussolini early in May 1933.

It is necessary to take a broad view of the problem. It would, in fact, be ridiculous to insist that the productivity of international public works should be estimated in advance by the same reckoning as the profit of any private enterprise. Obviously such works must be arranged and carried through with rigid standards of economy and according to the rule of the greatest utility for the group of countries which are to benefit by them, but it is not at all necessary that, before they are undertaken, they should produce from the very beginning such a profit as will remunerate the capital invested and enable it to be repaid by amortisation. The rule for estimating the productivity in this case is highly complicated, and is conditioned by the whole system of public works, which, in a specified time, or in successive periods of time, are to be undertaken for the benefit of certain groups of countries. To the economic factor, to be estimated not only according to the actual increase in the national income which would result from such works, but also by taking account of the reduction in the expenses for relief and unemployment subsidies which would occur in the budgets of public bodies, must

\* Keynes: *The Means to Prosperity*. London, Macmillan, 1933. Subsequently the author has declared that the problem of international debts—of all such debts and not merely war debts—and that of foreign exchanges must now be placed before any other, but that in time the organisation of synchronised programmes of public works will be of more fundamental importance (*Daily Mail*, June 2, 1933).

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be added a social and moral factor which is both national and international in character.

International action aiming at creating "employment," Woytinsky justly observes, "will meet with innumerable and to some extent insuperable obstacles so long as it is stubbornly insisted that every single item of the plan shall represent a capital investment bringing in a guaranteed profit. All that is necessary is the certainty that the plan as a whole will save the nations many milliards and that it must improve the conditions of life throughout the world." \*

To judge of the soundness of programmes of international public works and of their financing by reckoning their capacity for giving immediate returns is a principle of that "sound finance" which is no doubt applicable to cases of ordinary administration. But when it is a question of reorganising the highly involved affairs of an administration on the verge of bankruptcy energetic, not to say drastic, remedies are necessary. Leaving aside for the moment that complete co-ordination of economic forces towards which events are hurrying the federated peoples, when the question of public works is again put forward for international attention, it will be impossible to apply the strict principles of commercial return on which private enterprise is invariably conducted.

### *The Tasks and the Organisations*

We summarise as follows the lines upon which European co-operation in these tasks should proceed.

\* "International Measures to Create Employment: A Remedy for the Depression," *International Labour Review*, January 1932.

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1. African colonial administration, governed by the system of mandates, the mandates being distributed amongst all the European colonial Powers, past and present, not for their own benefit but for the common benefit of all the nations of Europe.

2. European inter-State agreements for equipping the countries of Central and Eastern Europe to extend and improve their economic systems.

Where are the organisations which are likely to carry such enterprises to a successful conclusion? There is no need, in our opinion, to devise special organisations for these purposes. The organisations already exist; it is merely a question of adapting and co-ordinating them. We realise this is no easy task, but it is far from impossible. The Commission of Enquiry for European Union might function as the supreme directing organisation if transformed in such a way as to vest effective control in the four greater Powers—as is contemplated by the Mussolini Pact—and to include representatives of the respective National Economic Councils. It should act in the name and on behalf of the League of Nations, and would have the technical help of the International Labour Organisation, of the International Institute of Agriculture, of the Bank of International Settlements and of the Mandates Committee.

Every kind of useful adjunct would thus be enlisted, while the Fund for Financial Assistance recommended by the Conference of Stresa, with the necessary changes, might become a fund to provide economic assistance for African colonial enterprises and public works in East-Central Europe.

It would be premature to draw up regulations to give

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effect to this vast effort of co-ordination, as it should not be a ready-made structure but be gradually evolved by experience itself.

What is important is to lay the foundations of the new edifice; and although the first meeting of the Economic and Monetary Conference has ended in failure (for reasons which are not difficult to understand, such as the vagueness of its agenda) we persist in urging the State of Europe to take joint action on the lines we recommend. We appeal to the States which have colonial dominions but are not satisfied with their present organisation nor free from anxiety about it, and to those which have no colonial dominions but abundance of population and inventive and organising capacity ready to be utilised in a work of civilisation in equal competition with other peoples; and, lastly, to those which, owing to their deficiencies, are a burden on the whole economy of the Continent and are increasingly attracted towards the orbit of Asiatic influences.

All are able, within their capacity, to assist in laying the foundations of the new order in Europe, and this must be of such a nature as to allow all its members to play a part in promoting its perennial mission of civilisation.

We would also point out that although our enquiry, which is strictly an affair of economics, is independent of the political circumstances of the moment and the future course of political relations, it presupposes, nevertheless, that certain great problems (federation of the Danubian countries, disarmament, etc.) have already been solved or are on the way to a just solution, as otherwise our plans for economic reconstruction on rational lines would remain a mere academic idea.

## CHAPTER VII

### TOWARDS WORLD CORPORATIVISM

#### *The Corporative Organisation*

THE law by which human society is consolidated, and which Mazzini called "the moral law of gravity," might be universally applied to-day, if the States and peoples of the Continent would march steadily towards the practical goals which are clearly distinguishable on the road of their destiny. These are in one sentence: concerted action by the European States with a view to the re-organisation of continental economy and collective mandatory administration of the African possessions.

The legal framework of the greater European society should not precede but spring out of the economic formation. If we were now to consider what legal constitution would best fit the greater union and the administration of common European affairs, we should be wasting our time on a purely academic task. On the other hand, we have pointed out that the rudimentary structures on which the initial work of bringing the States together and of collective administration must devolve are already in existence and only need to be modified and consolidated for the purpose assigned to them.

Nevertheless, since the inter-State agreements paving the way to union will not be fortuitous agreements but successive applications of principles which must grow and ripen in the gradually evolving European conscience of all the peoples of Europe, it is expedient

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to enquire whether the economic and legal evolution of European and other States contains the germs of the comprehensive organisation which we hope to see established in the future.

An impartial enquiry into contemporary political developments, whether in our continent or in other continents, is unlikely to discover any institution which answers better than corporativism to the necessities of to-morrow and of to-day.

The corporative principle which is the fundamental basis of the Fascist régime is the principle which, having effected with complete success the co-ordination of economic forces in the national field, shows itself with increasing clearness to be that which is best adapted to the co-ordination of economic forces and activities in Europe and afterwards in the world.

### *The Fundamental Principles of Corporativism*

What are the norms in which this principle is expressed and which can be adopted as regulations for international economic co-operation? We have already indicated some of them; here we shall briefly describe them all.

1. Private property and individual initiative must be respected because they subserve the collective interest, being the motives which best assure the productivity of human labour and the accumulation of savings. But, both as legal categories and as historical categories, they cannot claim to be immutable and eternal.

In this connection, it is necessary to distinguish legal principles from the institution in which they are his-

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torically embodied. The principle of private property is an inherent guarantee of the capitalistic economic system; the institution of property is the concrete application to the various and changeable exigencies of that system. This, like every other legal institution, can therefore be transformed and reformed.

It is not correct, as is claimed by many persons, that the limitations on the absolute right of property form exceptions to the principle, which otherwise remains immutable; if it were so, the exceptions would be so excessively numerous as to have undermined by now, if not destroyed, the value of that principle. They are, on the contrary, the concrete manifestations of a progressive adaptation of the principle to changed economic necessities, and reveal a process of continual transformation of the institution.

The collective interest, at any particular moment of history, and in conformity with the exigencies of economic development of a particular society, is what determines the substance and form of property. Private property is the institution which at this moment in the history of modern progressive industrial societies can best subserve the general economic interest; but this institution is subject to limitations and adaptations, of which the renovating process of Fascist corporative legislation contains the correct rule.

The same may be said of individual initiative. The determination of the productive act is left to the profit of individuals, but the co-ordination of the initiative of individuals with a view to new and more advanced forms of competition which, taking account of the altered dimensions of the undertakings, may better provide for

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satisfying the exigencies of the production and consumption of the community—the self-regulating forces of the system having ceased to function or being largely ineffective—will be the prerogative of a superior political force which represents the general interests of the present and future generations: the State within each national group; an inter-State institution for larger groups. This authority, without usurping the place of private enterprise, or imposing upon it regulations and restrictions which shackle the productive process, will moderate its results, by means of strict discipline and active assistance, with a view to the general needs.

2. Since the object of economic activity is the satisfaction of the needs of men and of social groups, the collective interest must, in the end, aim at the correct estimation and better satisfaction of those needs.

For a century public attention has been directed mainly to the problems of the production of wealth, while the problems of its distribution and consumption have been neglected, though they are essential parts of economic and social equilibrium. Production can only be one of the means for attaining the general welfare of individuals and of the community. The maximum return should be the aim of the individual productive enterprise, but not the exclusive aim of the national group, the wider purpose of which is the general uplifting of the standard of life in the most comprehensive sense of wider material consumption and loftier intellectual and moral satisfaction. Wages are, it is true, an item in the cost of production, but this is from the point of view of the employers and their unions. From the point of view of the corporative State, wages are mainly return, like profits and interest.



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It follows that the principal aim of the State, in the economic field, is to preserve and to enlarge the purchasing power of the consuming population, by which the reasons for industry are indirectly protected and, above all, the material conditions of life of the entire community are raised.

By this alone, corporative economy becomes the combined and perfected economy of producers and consumers. Mussolini's promise "to go towards the people" is the expression of this decided bent of the Italian people towards the most rational form of economic co-ordination, a bent which was confirmed by the Head of the Italian Government by these words, contained in his speech to the Senate on January 13, 1934:

"Corporative economy introduces order even into economy. If there is a phenomenon which ought to be well ordered, which ought to be directed to certain definite aims, it is precisely the economic phenomenon, which interests the whole of the citizens. Not only industrial economy ought to be disciplined, but also agricultural economy, commercial economy, banking economy and even the work of artisans.

"How must this discipline be carried into practice? By means of the self-discipline of the interested classes. Only at a later moment, when the classes have not found the way to reach agreement and equilibrium, can the State intervene, since the State represents the other term of the equation: the consumers, the anonymous mass, who, not being enrolled in their capacity as consumers in special organisations, must be protected by the institution which represents the community of citizens."

3. None of the principal agencies which operate for

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the production of goods and therefore for the satisfaction of the needs of the community and of individuals can refuse its collaboration. The refusal of such collaboration, since it would compromise the general productive result, must not only be repressed but prevented in advance by the co-ordinating authority. It is necessary to assure the bases of the social and political equalisation of the economic forces engaged in the process of production and exchange.

### *The Main Lines of Action*

From these rules are derived the main lines of industrial corporative action promoted not for the benefit of capitalistic groups but for the local, national and world market, for avoiding gluts and shortages operating harmfully on prices and therefore on purchasing power or on general economic activity; the financial assistance given to undertakings and groups which offer prospects of a prosperous existence and deserve to be helped, for the good of the community, to overcome difficulties due to economic conditions; the separation of the banking domain from the industrial domain, so that industrial activity may have its own financing institutions capable, by their constitution, of investing capital for long periods; the dimensions of undertakings maintained in conformity with the present exigencies of production and of consumption; lastly, the direct increase and strengthening of the economic equipment of the territory, promoted with the most varied forms of stimulus and of support.

There is nothing specially and exclusively Italian in this system of economic policy. Uniquely and pre-eminently

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Italian is, however, the sagacity of having divined it and positively constituted it with the firm intention of carrying it into practice. It lends itself to the largest construction, to the most complex co-ordination which the productive employment of human labour and the reasons of peace amongst the peoples require and will impose. The corporative system contains elements fruitful for the coherent and elastic regulation of the world market, even if the process of extension and integration must be gradual and, as we have said, must have its beginning in Europe of to-day.

The nations form to-day the parts of a single great economic undertaking: not a transitory necessity, this, but rather the expression of the inherent law of the enlargement and integration of markets.

The vast international market is to-day what the single market of a nation, formed out of the rudimentary local markets, was only a few decades ago. In a short time, under the impulse of powerful technical and social forces, the principle of national co-ordination has overcome and absorbed the regional units. In like manner, and in an even shorter time, since those forces now operate with a more intense rhythm, the principle of international co-ordination will overcome and will absorb the national units while at the same time respecting their political autonomy.

Thus the fundamental principles of the corporative plan of co-ordinating the action of the groups are susceptible of being readily carried out in international economy: the principle of the limitation of property and of individual initiative, of the adaptation of productive forces to the needs of consumption, the duty of making all the available economic energies co-operate to that end,

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and, lastly and above all, the principle of protecting in the most effective and the most productive way the unorganised mass of the consuming population.

We are not unaware of the possible infringement of the principle of national sovereignty. It is not, however, an insurmountable obstacle to the legal construction of this future society, if one considers the tendencies and aspirations of the age in which we live, in which that principle has been on several occasions visibly superseded in forms which, if not yet definite, are undeniably progressive.

The League of Nations, with all its defects, with all its deviations from the original conceptions, with all its weaknesses, is there to show that a beginning has been made in superseding the principle. The Pan-American Union, the financial character of which does not entirely succeed in concealing the political motives, is another form of integration and supersession. The very movement which has led to the formation, in connection with the League of Nations, of the Commission of Enquiry for European Union shows how the legal conscience of the States in Europe and outside of Europe is by now ready to accept the principle of a co-ordinated national sovereignty with forms and institutions passing beyond the limits of the nation.

The development of public law leads to the recognition of progress towards a further stage of evolution in which a new form of State, more vast and more complex, will comprise within itself a number of unitary national States, autonomous but disciplined by compulsion for the defence of common interests.

Some agreements that have already been made, some discussions now going on, regarding international arbi-

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tration, disarmament, security and so forth, are only increasingly profound derogations from the traditional conception of the principle of sovereignty, to render it compatible with the forms of international co-operation rendered necessary by the mutual dependence of the markets.

Economy is turning from the individual conception to the social and international conception of its essential character; it has been evolving from the single towards the complex. The general economic movement shows, even, and markedly, in the succession of increasingly widespread and intense crises, this process of integration which joins and fuses the smallest and most scattered local markets to form the single world market.

World economy is, in substance, only a single large organic group of economic forces. And if, in the end, we are disposed to set aside political doubts and hesitations and to arrange the necessary legal organisation, this organisation must take account of the law in the formation of a group: the law of co-ordination. All the factors of production—personal capital, land capital and movable capital—are potentially bound together in inseparable unity by this bond of co-ordination, by reason of which the most useful employment of one of them depends on the available quantities of the others. One of the causes of the present disorder in economy lies in the protectionist barriers which hinder the working, through the free circulation of those factors, of this law that the factors of production are complementary. Quotas, balanced exchanges and like expedients are other hindrances which aggravate the evil.

The economic structure of the world consists to-day

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of particular incomplete groups, which have a surplus or a shortage of one or other factors of production. This surplus or this shortage sterilises a part of the complementary factors of production, with the result that there are large residues of unutilised economic force and frequently destruction of wealth.

### *The Institutions on which the Preparatory Work will Devolve*

The remedies attempted, with the old timid and isolated interventionist mentality, in the international field, to overcome the difficulties of the present day, in the majority of cases have not only proved to be ineffective but, which is worse, have often contributed towards rendering even more serious the general course of events. The protective measures taken by one country have given rise to counter measures in other countries, and in the end the obstacles to international trade and the restrictions on it have become multiplied to the prejudice of the whole world, and without any country having been able to derive lasting benefits.

The general economic co-ordination here outlined must be the result of a concrete programme of action which the co-operating States will have to carry out and to guarantee. What will be the corporative legal system which will best assure the attainment of the objects of a systematically regulated international co-operation? Must it be a new structure analogous, for example, to the International Labour Organisation with, naturally, all the connections and additions necessary to complete its technical competence, representation being assured to the consumers in particular? Or must it be the union

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and fusion of institutions already in existence endowed by the States with the powers necessary for this purpose?

It is desirable not to run ahead of events on this road and to allow that a sufficient practical experience should of itself give the inspiration and correct indications. What is important is to promote this experience, to undertake the work in view of a result which will allow of the renewal of the present economic machinery in order to adapt it to the new requirements of the production and distribution of goods.

A complex programme of active co-operation is opened up for the three principal official institutions which work on the international plane: the League of Nations, the International Labour Office, the International Institute of Agriculture.

To the League of Nations falls, of course, the task of studying the legal system best adapted to this renewed structure of world economy. On the other hand it is the League of Nations which must, by means of its technical organisations and with the collaboration of the two other bodies mentioned, undertake and carry out all the preparatory work of a technical and scientific nature that is required before reaching the phase of concrete realisation.

The International Labour Office and the International Institute of Agriculture are the other valuable agencies in the collaboration contemplated. The question of lands capable of profitable cultivation, and of the groups of labourers who can be set to colonise such lands, could not be elucidated without their assistance. It is evident that assistance in the vast undertaking could and ought to be obtained from various other competent bodies in the course of its development. But these would be comple-

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mentary factors of a collaboration the essential agencies of which can only be those which we have indicated.

The work is immense and the difficulties are numerous, but it is a work the necessity of which will take hold of the public conscience and will be imposed on the industrial States in the near future. The guiding principles have already entered into the official orbit of the larger international bodies and are discussed there. This may be no more than a first step towards the distant goal, but it is a step which makes it possible to hope for a fortunate commencement on the road to practical solutions.

### *Germ s of Useful Work*

The work already carried out in international spheres during these years of crisis, as well as certain bodies to which vitality has been given or a greater rapidity and reasonableness in action, offer good auguries for the work to be done. At the end of the volume will be found a statement of what has already been done in the report presented by the International Labour Office to the Permanent Migration Committee. Here we confine ourselves to giving a brief summary.

The problem of international and European co-ordination arose within the International Labour Organisation and was formulated by us at Geneva, at the Labour Conference of 1924, and afterwards at the Economic Conference of 1927. We put it forward again with greater insistence later, on the occasion of the discussion, which was reopened and has been repeatedly reopened for years, regarding the fearful aggravation of unemployment and the necessity of devising more radical remedies than those



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which have hitherto been thought of or carried out by measures of separate States or by limited international agreements. But the problem, though it was brought forward purely and mainly through anxiety on behalf of labour, was essentially economic in character, and inevitably drew upon itself the attention of the organs of the League of Nations and particularly of the Assembly.

In fact, at its 1930 meeting, the Assembly, while showing its desire to remedy the present disorder in world economy by strengthening and rationalising what it was agreed to call "Concerted action between the States," noted the inadequacy of national action effectively to resolve the economic problem and pointed out the necessity of an organisation of world economy, on the lines of reconciled interests, first by regions and afterwards in the world as a whole.

Amongst the special concrete problems which the Second Committee of the Assembly had taken into consideration were the problems regarding the character and extent to be given to the struggle against protectionism and those of the distribution of gold and of credit, of the circulation of capital, of raw material and of labour; problems which, not in isolation but taken all together, form part of the complex project traced by us in these pages.

The Assembly expressed the wish that the economic and financial organisation of the League of Nations, after a study carried out directly and in collaboration with other international bodies, such as the International Labour Office and the International Institute of Agriculture, which are in possession of relevant material, should examine the desirability of a possible international action,

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taking account of all its aspects, economic, financial, and those relating to population and labour.

The Council of the International Labour Office, in January 1931, working precisely on the lines indicated by the foregoing resolution of the Assembly of the League of Nations, adopted the conclusions of a special "Unemployment Committee," which rightly attributed this phenomenon to the disorder in the general economy.

The employers' representatives and the workers' representatives on the Council were in agreement in regard to the diagnosis of the evil, but not on the remedies to be adopted. The workers' representatives urged that means should be sought for increasing the remuneration of labour in those countries where it was most inadequate, in order to eliminate an inadmissible element of competition and to correct the consuming capacity of certain markets. On the other hand the representatives of the employers' interests declared themselves convinced that one of the essential measures to be taken in attempting to establish economic equilibrium must be the reduction of the costs of production and of distribution, so as to obtain through an increase in the purchasing power of the consumers as a whole an assured sale for the products.

The two theses do not, however, seem to be irreconcilable, when it is remembered that the workers, whether they belong to industry or to agriculture, form the largest part of the consumers of the world. Moreover, as the two contrasting theses admit, the restoration of world economy, not only at the present moment but in the face of the future troubles which, it may be foreseen, will arise from an increased mass production at decreasing costs, can only be brought about by assuring a continuous

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development of the power of consumption of the whole population of the world.

The conclusions which, on the proposal of the present writer, were accepted unanimously by all the different groups in the Council-Government representatives, employers' representatives and workers' representatives—have a special bearing on this latter point. It was urged, that the attention of the Governments, for obtaining a systematic knowledge of the factors of unemployment and, in general, of the economic crisis, should be directed on a policy of international collaboration to facilitate the free mobility of men and the finding of employment for them in territories capable of utilising their activities, with the definite object of extending the consumption markets, and should further be directed to the means of promoting co-operation between the different national economies.

This necessity for an integral organisation of world economy was almost simultaneously recognised by the Commission of Enquiry for European Union, which on January 1931 decided to study the world economic crisis, so far as the States of Europe are collectively concerned. In the following July its special Unemployment Committee approved the plan which the writer presented under the auspices of the International Institute of Agriculture and suggested to the Commission of Enquiry for European Union that it should propose to the Council of the League of Nations to submit the question to its competent organs, so that the question might be studied with a view to practical steps being taken with the assistance of the International Labour Office and of the International Institute of Agriculture.

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The Assembly of the League of Nations, in September 1931, for its part approved the recommendations of the European Committee with regard to suggestions for promoting the co-operation of the various factors of production for the better economic use of sparsely populated regions.

The same problem was afterwards considered by the meeting of agricultural experts convened in Rome in April 1933 for the purpose of preparing the participation of the International Institute of Agriculture in the World Economic and Monetary Conference.

The meeting passed a resolution to the effect that the proposal of the Conference to re-establish a freer circulation of capital and of goods should be accompanied by proposals for facilitating the mobility of men, which in itself is a primary problem. In this connection, the meeting recalled the plan above-mentioned of co-operation between the three fundamental factors of production (land, men and capital) presented by the writer to the League of Nations through the medium of the International Institute of Agriculture.

"It is desirable," the meeting concluded, "that the Monetary and Economic Conference should take this plan into consideration: it deals with the preparation of international collaboration for the purpose of developing centres of colonisation, in which the surplus rural population of some regions, which are a burden on their national economy, will immediately find the possibility of creating a new life and new activities more in conformity with the general interests of economy."

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## *The Task of the Labour Office*

Much can be done, we have already said, to establish between the international bodies a programme of joint work, so as to reach as quickly as possible the conclusive phase—that is, the moment in which the States must agree to accept responsibility for the actual carrying out of the plans.

The International Labour Office in particular can play an important part in this collaboration. It is, of course, qualified to draw up an inventory of labour forces, manual, technical and administrative, which are fit and ready, with the assistance of other factors already studied, to be transferred to specified territories to settle there and to carry on the cultivation of land, the working of mines, or industrial and commercial undertakings, according to the degree of adaptability and of culture of the new centres and according to the aptitudes of the individuals collected together. The first groups of those who will leave the congested markets will necessarily comprise that mass of workers who have little probability of again finding employment, even in the event of a general revival of business. There is, as we have said, an unemployment which, being the consequence of a real and definite transformation of industrial equipment, constitutes a veritable demobilisation of labour and may be considered as permanent. The revival of business would not be able to reabsorb it; it could only eliminate the cyclical unemployment, the effect of the normal and periodical economic fluctuations. The workers who are demobilised as a result of technical evolution and of rationalisation must form the source of the human energies called upon to produce,

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in new branches of activity, new wealth in accordance with the laws of economic development.

But not only in this direction must action be taken. There are, in reality, countries in which, even if they are not suffering seriously from the scourge of unemployment, the heavy pressure of population exceeds any possibilities that can be foreseen of internal development, and which, consequently, form reserves of forces all the more valuable as they generally include the most highly qualified workers and the technical managers.

Now it is not a question of determining the state of the population available for colonisation in the world, a task which would go far beyond our present possibilities. The International Labour Office must for the moment assume a more modest but at the same time very extensive task: to estimate in the countries where unemployment is serious and in those where population is dense the number of workers available for transfer and permanent settlement abroad. This enquiry would acquire an ever-greater precision with the progress, on the other hand, of the correlated enquiry into the lands capable of receiving these masses of workers and of undergoing thereby a profound economic transformation. For the moment the enquiry of the International Labour Office ought to make it possible to determine approximately what transferable contingents can be counted upon for this great work of reconstruction.

A second enquiry, relating to the countries where groups of workers could be settled and colonisation undertakings carried out, does not, in any case, come within the purview of the International Labour Office nor of the various organisations of the League of Nations—the

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Economic and Financial Organisation, Mandates, Transport and Communications, Hygiene—nor of the International Institute of Agriculture, taking these bodies separately. A joint effort by all these bodies is necessary. It is well known that the International Labour Office and the International Institute of Agriculture have linked their work in respect of questions which concern them in common by the creation of a permanent organ, the Mixed Advisory Agricultural Committee. The study of this new problem and the manifold enquiries which it involves could be carried out by this Committee, to which might be added, for this special purpose, experts nominated by the technical sections of the League of Nations. The Committee itself would, of course, lay down the programme of its work.

The question of the financing of undertakings is the keystone of the whole system sketched in these pages. Since the crisis of long-term investments is still far from being resolved, an early commencement in carrying out the system is out of the question. That does not imply that we must remain with our arms folded. It is necessary to arrange the programme of work in anticipation of a better future. When confidence between the nations has been restored, capital will again acquire all its mobility, conditions favourable for industrial investments and for investments in the exploitation of land in new countries will be restored, so that this great work of the reconstruction of world economy on the basis of co-operation and of the reciprocal exchange of the factors of production will find more suitable conditions for being commenced and gradually carried out in full.

In the meantime a preparatory effort, not only moral

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but practical, is required and it is necessary to undertake it in order to be ready to act at the opportune moment.

### *The Idea makes Headway: Expressions of Approval and Suggestions*

Gradually, as our ideal became widely discussed at international meetings and in the Press, many expressions of approval reached us, as well as suggestions on this or that point of the programme we had put forward. Amongst the plans inspired by our proposal it is worth while recalling what has been written by Signor Zuccoli, Manager of the Banca Commerciale Italiana in London, who considers "triangular co-operation" as possible between countries in which there is considerable unemployment. The sums at present spent on relief might serve for financing colonisation companies formed to exploit large tracts of land which are at present in a precarious position.

Carrying his analysis further, and supporting it by very careful calculations, Signor Zuccoli admits the possibility of an international financial organisation the function of which would be to sustain a systematic programme of economic collaboration.

It is clear that the idea of the co-ordination of productive forces is more and more taking hold of the public conscience and being put into effect in the organically concerted work of the various nations. Recent evidence of the way in which it is being propagated and public feeling is growing stronger is supplied by the Seventeenth Session of the Labour Conference (held in June 1933), at which various representatives of the most diverse countries, in discussing the Report of the Director, referred in vigorous



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terms to this necessity which is becoming steadily more urgent in the interests of the workers. We may mention the speeches made by Knob, employers' delegate of Hungary; Bullrich, Government delegate of Argentina; Bandeira de Mello, Brazilian delegate; Jurkiewicz, Government delegate of Poland; Zumeta, Government delegate of Venezuela.

Thus Bullrich, after having recalled, in speaking of the economic crisis, that together with countries like Argentina, which are producers of raw materials and are lacking in capital and in labour, there are other countries which have need of putting capital and labourers in circulation, expressed the opinion that it would be advisable to proceed to a redistribution of labour on an international basis; he hoped that the Council of Administration would examine the problem of the redistribution of labour in connection with the questions of immigration and of colonisation.

For his part, Bandeira de Mello, delegate of Brazil, remarked that one of the causes of the increased seriousness of the crisis was the restrictions imposed on the currents of migration and maintained that emigration systematically organised could contribute to the solution of the problem of unemployment.

The Polish delegate, Jurkiewicz, stressed the importance to the International Labour Office of endeavouring to create new possibilities of employment, particularly by means of great national and international public works and by means of emigration to lands still undeveloped. He insisted on the fact that to promote the population of unexploited countries capital is necessary and that the debts contracted by settlers could be guaran-

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teed by the countries of emigration and by the countries of immigration.

Lastly the Italian employers' delegate, Olivetti, also drew attention to the fact that there are entire continents in which the possibilities of consumption could be largely increased by a credit policy directed towards their development.

The serious difficulties encountered in the international field in the methodical construction of this system of co-ordinated economy are such that the policy of the States in which its necessity is most clearly recognised, and the most is done to meet it, turns back upon itself and seeks to effect such co-ordination within the limits of each nation. According to the political structure, to the legal development, the agricultural and industrial potentialities and even the moral qualities of each country, this process assumes various and widely differing forms, but there is always clearly evident the conscious effort to combine the essential factors of production.

It is worth while to follow carefully these national experiments, because they supply valuable data and models for the future task of joint construction.

We have already been able to note how much progress has been made in recent years in certain countries rich in land but poor in men in the effort to remedy this economic maladjustment by creating the legal and practical conditions for future colonisation. In Argentina the measures adopted in favour of credit for colonisation and the complex programme of subdivision and of development of a vast extent of territory which the Mortgage Banks and the recently formed Chamber of Colonisation proposed to undertake; in Chile the improvement of

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lands abandoned by their owners with the aid of a loan of twenty-two millions of Chilean pesos advanced to the Government by the Bank of the Republic; in Australia the colonisation of the Kimberley district, in which a hundred thousand families can be settled; and elsewhere important undertakings of the same kind—these are the sure signs and the effects of this active movement of the public mind in regard to the necessity of creating for mankind new possibilities of labour and of production.

British colonisation within the dominions as a whole is now the subject of various enquiries and initiatives which are more and more based on the principle of triangular co-operation. We may note, amongst others, the recent proposal of Sir Henry Page Croft, Chairman of the Empire Development Committee. He suggests the formation of a semi-official body with a capital of fifty million pounds to create new centres of colonisation in places to be selected in the different dominions. It is anticipated that with this capital, forty thousand families could be settled and the Government in ten years would save fifteen million pounds in unemployment benefits, without counting the new wealth which would be created.

Similar principles underlie certain programmes of colonial equipment of African possessions by the European mother-countries and the work of agricultural development and home colonisation undertaken by countries with a high density of population.

No example could, in this respect, be more instructive for the purposes of future international co-ordination than that of Fascist Italy with its works of comprehensive land improvement, of internal migration and of colonisation.

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The Commission for Internal Migration and for Colonisation, converted from an organisation for enquiry into an executive organisation by the Law of April 2, 1931, and made directly dependent on the Head of the Government, may be mentioned as one of the most effective instruments for the economic revival of Italy and as a model of co-ordinated activity for future schemes of international co-operation. And it is worth while to state here that home colonisation and external colonisation (since the co-ordination of these two purposes is now being carried out by the formation of the Institute for Cyrenaica) have not only the economic aims of relieving the pressure of population and of increasing agricultural production, but also lofty social aims, inasmuch as they tend by the transference of family groups to create new centres of life and to develop the latent energies of the places of settlement in all their possible manifestations and civil applications.

We must not conclude this section, in which the practical beginnings of international co-ordination are mentioned, without referring to the vital and fruitful impulse which the Mussolini system supplies in the great corporative edifice to the future system of corporativism in the world.

### *Objects of Our Proposal*

From what we have just said, it appears that our purpose was not to offer a pretentious programme for the reorganisation of world economy, but rather to supply some definite indications regarding *one of the essential conditions of that reorganisation: the fruitful grafting of the corporative idea on international economic relations.*

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To the plan that we have put forward of integrated and co-ordinated economy the objection may be raised, and has been raised, that we anticipated in the beginning. Those who only see, as an immediate result of carrying out such a plan, an enormously increased mass of production urge that one cannot think of this while we complain of disasters due to the stocks and gluts of products, to low prices caused by a surplus of raw materials and of goods. The objection has only a semblance of truth.

We have insisted from the beginning that our programme is not bound up with present conditions. The crisis due to economic conditions may even pass or take a different direction; our programme will not thereby lose its reason for existence. This lies in the permanence, beyond the play of the phases of economic fluctuations, of certain causes of maladjustment which cannot be eliminated by the automatic processes of production and of exchange because the self-regulating forces of a system composed of enormously increased quantities of wealth fail to act. The most serious symptom of this organic evil is unemployment, that permanent unemployment which existed before the present crisis of depression and was already assuming menacing proportions at a time of prosperity; the fluctuations of the business cycle cannot remove it, and it can only be remedied by a radical cure which will regenerate world economy.

Moreover, it is notorious that the present distress is not caused by a general excess of production, a quite unreal occurrence which the most unbridled fancy could not imagine even in the most distant future and which economic science for more than a century, since Say, has shown to be impossible or possible only as a distur-

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bance occurring for a short period. As long as the goods produced by men are exchanged with other goods, as long as human labour has a price and all the activity of mankind continues to be carried on under the rule of two unbreakable laws—that of the limitation of goods and that of the variability of needs and their capacity for extension, goods and needs not being capable of being foreseen and regulated—general and permanent over-production is an absurdity and there will be in reality passing crises, caused only by partial and temporary surpluses, as a result of which the production of some goods is out of proportion to the production of other goods with which they might be exchanged.

The system which we have advocated is characterised by the synchronism and parallelism of its movements, which prevent too marked disequilibria and which, with the increase of production brought about in some parts of the world and in the case of some goods through the employment of larger human forces and the development of their power of consumption, assure the conditions necessary for the continuous disposal of the new increased products. Hence an essential and primary condition of carrying out this system is that the efforts of international co-operation should be directed in the first instance to the development of colonial lands and of those countries with rudimentary economy which offer unbounded possibilities for the application of human labour.

It would not, therefore, involve increasing the production of those goods which at present glut the markets, but would result in the production of goods and services which can be exchanged with them and in arranging in advance the future productive equipment, opening roads,

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constructing embankments, breaking up and draining lands, enlarging and improving harbours and ports in regions hitherto closed to the creative efforts of mankind.

Such efforts imply precisely the work of large numbers of men now unemployed, and the effect of this work is a greatly increased purchasing capacity, that is a power of demand which will contribute towards lightening the overweighted markets of the old countries, while in the newly developed lands the conditions will arise for an agricultural and industrial activity capable of satisfying new needs.

As may be seen, the system would not suddenly spring into being, equipped and armed to overcome all difficulties and to break down all obstacles. It is a system which must be built up by slow and painstaking work, piece by piece. What is important is, however, that it should be the fruit of the new economic conscience of an advanced international society which, beginning with a minimum of co-ordination embracing the various factors of production and the different branches of economic activity, would engage by successive accessions all the forces and the factors which now remain inactive or not sufficiently active in the cycle of production and exchange.

The working of this system will, it is true, be subject to the inevitable and fundamentally beneficial fluctuations of economic dynamics, but the acquired regulating force of the new order and, in particular, the action of credit—the controlling lever of the system—will reduce those fluctuations to the minimum by putting into motion at once the counteracting forces.

## CHAPTER VIII

### SUMMARY AND CONCLUSIONS

#### *The New Forces*

WE will endeavour to summarise as briefly and as clearly as possible the essential things that we have said up to now.

The profound economic disturbance of our time is the consequence of a radical change in the structure of the mechanism of production and distribution which the war probably only accelerated; it is the opening, therefore, of a new stage in the development of economic forces. Since this development is not regulated, as in strict logic it would require to be regulated, destructive consequences occur which postpone, instead of hastening, the phase of relative equilibrium. The crisis cannot be overcome by being left to the free play of the economic forces of a system which has irreparably lost its powers of self-regulation. The policy of free competition served to promote the first great industrial revolution, that of the past century, and was justified as a reaction against previous corporative bonds and by the necessity of developing new forces. To-day, these forces are powerful and combine in private or State monopolistic formations: the opposite reaction to the previous system of free competition. But this monopolistic solution also has destructive results which are patent to everyone.

Besides the crisis caused by the cyclical business



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depression, it is necessary to distinguish clearly this more serious structural disturbance caused by the transformation of the modern technique of production, by the increased dimensions of economic quantities, by the disorder in the productive forces and by many other factors which have entered permanently into play in world economy.

To this profound and lasting consequence of the economic disorder our plan opposes a new systematisation wherein it is intended that the three factors in the production of goods—labour, land and raw materials, and capital—shall be associated internationally and combined with a view to the maximum return.

We emphasise this essential point: that the combination on international lines of all the factors co-operating in production cannot be considered as an immediate and universal remedy for the present economic crisis, nor as a safe preventive against future crises in so far as these are the result of normal cyclical factors. It would be absurd to claim that every disturbance of economic life would disappear; the movement of business will always be liable to ebb and flow, hence there will always be crises. This is the law of all organisms, both in the physical field and in the social field.

The co-operation of which we speak is conceived as a reorganisation of economy such as to assure the greatest possible stability in economic affairs and consequently to prevent great crises—that is, those profound and persistent convulsions which are not the effect of momentary disturbances in this or that branch of production but are due to an organic disorder of the mechanism of production and distribution.

## *Summary and Conclusions*

The reconstruction of this mechanism on more rational bases must enable those disastrous disturbances of economic activity and, accordingly, of society to be prevented or minimised.

Not a few persons still persist in maintaining that by suppressing the barriers placed in the way of international commerce the economic machine, now brought to a standstill, would resume its motion. This thesis does not take account of the permanent obstacles and friction created by the rapidity and intensity of the new industrial revolution, which is greater than that of the last century. One cannot, on the other hand, deny that even the protectionist measures by which, in the absence of a co-ordinated regulation, it is sought to protect, as well as may be, situations of special requirements of individual States, have a practical and theoretical justification.

Now, between a system of free competition, which, moreover, is never completely carried into effect nor capable of being completely carried into effect, and a system of vast and strict monopolies which now irrefutable experience has shown to be the cause of greater disturbance, the way seems to be that of a methodical reorganisation on a corporative basis extended from the national sphere (in which more or less decided attempts are being made to-day almost everywhere) to a wider and wider sphere.

We are not unaware of the apprehensions which are aroused by a programme thus conceived. And precisely in order to forestall them and to dispel them we insisted, touching upon the question in the course of the Ninth Assembly of the League of Nations, on this essential point: that the programme above-mentioned, far from

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contemplating compulsion and measures imposed by authority, implies the progressive abolition of all the impediments to the circulation of men and of capital and their more economic utilisation and combination for the purposes of production.\* On the other hand, since it is a question of establishing a form of organised economy on the international plane, one cannot imagine a structure than can dispense with that intervention of the States that inevitably operates already on the national plane.

### *Essential Points*

It is worth while to summarise the facts assumed and the essential points of the system contemplated.

The problem of the *mobility of men* has been studied hitherto as a problem of the placing of workers, which is usually temporary and carried out under the terms of labour conventions. The working of an international system of placing, like that of the national systems within each country, would not be likely to suppress or appreciably to relieve the miseries of unemployment. It is necessary to go further while recognising the value of

\* This conception is beginning to make headway in various publications. We may note amongst others, F. Valenziani, *La crise voulue*, Paris, Giard, 1933. And Mortara, in the *Giornale degli Economisti* of December 1932, wrote:

"It would be desirable to direct capital cautiously towards Latin America, Canada, Australia and other countries, in connection with promoting a radical transformation of the local economies. The extension of the system of small and medium-sized holdings, accompanied by a greater diversity of agricultural and stock-breeding production, might assure within a brief period widespread well-being in those countries to tens of millions of new inhabitants.

"Co-ordination between the economies of the various countries through the work of a central international organisation is a difficult and distant, but not unattainable ideal."

## *Summary and Conclusions*

attempts such as those made hitherto, which, if combined with the more radical, because more fully and comprehensively realistic, work of organisation of world economy, are of great help to it and may even form means of gradually approaching it.

It is well known that there are countries which suffer from a serious pressure of population and are not adequately provided with one or both of the two other factors of production, while others, better endowed with raw materials or capital, are sparsely populated. To relieve this pressure, to remove the congestion of the overpopulated countries by transferring their surplus population to thinly populated lands, means to give to the economic potentiality of the world a power of expansion and of improvement, to forestall the evils inherent in technical transformations and in profound mechanical innovations, to reabsorb with comparative rapidity the serious excess of labour which is brought about by these innovations. All this, in a word, signifies wealth, well-being and the cessation of the most serious causes of convulsive economic and social movements.

This lightening of the pressure of population is particularly required for European economy in view of the maladjustment, which will inevitably increase, between the working population and the available supplies of workable raw materials. The European agricultural masses, in their turn, are also directly involved. In fact, mechanical improvements are still far from having reached their maximum in the agriculture of European countries, and this is one of the causes, perhaps the most important, which keep the cost prices of agricultural products at a high level and expose them to the in-

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creasingly severe competition of the overseas exporting markets.

If this disparity be eliminated the other serious danger arises: the unemployment of the peasant masses in the mechanised agricultural regions, masses who will serve to swell the overflowing tide of European population.

These brief indications suffice to enable us to conclude that, even in regard to European reconstruction, the problem of the absorption and the employment of labour must be linked with the other problems of organisation and must take account of the prospects and the necessities of development of the other continents.

The question of the transference of working population from one country to another, for the purpose not only of assuring existence to masses of workers without employment, but more particularly of increasing the economic potentiality and the social well-being of the nations, cannot be separated from *the search for countries capable of receiving this surplus of human forces.*

The same considerations apply to capital. These are the three factors in a problem which is insoluble without their co-operation.

As to the entry of labour into lands capable of absorbing it and the placing of masses of population in new territories, this would be a new form of immigration and of colonisation to which these terms would no longer correspond. It is, in fact, not a question of placing labourers or groups of labourers assembled by means of collective recruiting, but rather of the organisation of human nuclei economically equipped to establish themselves permanently in certain countries, to devote themselves there to the exploitation of uncultivated lands, to the

## *Summary and Conclusions*

improvement of the soil and to a series of commercial and industrial activities.

It is clear that vast areas of land are not capable of producing a high yield, or even of merely producing, because the complement of the other agents of production—organising and executive work, and capital—is insufficient or altogether wanting, whereas if these agents were available they would make of it sources of wealth for satisfying the constant increase of human needs.

The progressive industrial countries, for the increase of their economic forces and for the raising of their social level, have a steadily growing need of finding wider outlets and at the same time of procuring for themselves, in the new countries, supplies of raw materials and of the commodities which are necessary for them. Thus the work of organisation which all the interested bodies are carrying out in the international field is aimed not only at labour and production, but envisages the whole of economic activity. All this answers perfectly to the corporative idea and to its application in practice. This work must be directed to bring about the perfect combination of the necessary factors, which generate this activity by transferring it from private enterprise and from the national sphere to the international sphere.

It must further take account of another essential factor in the working of the whole system—that is, the requirements of consumption. The organisation of consumers, which cannot be carried out nationally, will be implicit in an international structure, when the association and distribution of the factors of production are controlled in a more rational and more coherent manner. Then, even the needs of the consumer will assume their fundamental

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part in the play of the new productive system, rendering possible that prudent forecasting of demand which alone is capable of reducing the excessive fluctuations of economic activity.

Special technical investigations will serve to indicate what currents of migration could be set in motion and towards what suitable lands they could be directed. The essential matter for the moment is to determine in what practical manner this work should be set on foot, how efforts should be co-ordinated and how tasks should be distributed among the bodies which will all be engaged, by virtue of the functions conferred upon them by their constitutions, in building up the economic structure of the future.

With regard to the distribution of labour, to the better economic use of lands and to the supply of raw materials, we are of the opinion that it would be expedient to extend and to perfect a system of bilateral agreements which is already in operation, though as yet it affects a very small number of countries.

We could begin by drawing up a general convention which would embody the essential principles of future bilateral agreements relating to the organised emigration of labour, to the exchange of labour and raw materials under the terms of collective production and labour contracts, to the different forms of colonisation and to the systems of guarantees. Into this general scheme the special bilateral and multilateral agreements would enter; such agreements differing as regards the forms of collaboration preferred and the objects aimed at, but capable of being brought into conformity with the model conventions.

## *Summary and Conclusions*

It is necessary to bear in mind that various circumstances, such as the growing human cost of emigration and reasons of political and ethical defence, will tend to prevent the labour factor from joining the other factors of the productive combination. In such cases, we must ensure that these other factors (*raw materials and half-finished products, machines, capital*) have acquired sufficient mobility to be transferred to the places where labour is available.

The principle of public relief works as a remedy for unemployment is an embryonic and limited principle, but it may develop into an important economic principle when it is removed from the sphere of a single factor of production to the sphere of all the combined factors of production, and when it is put in operation for all capacities and varieties of labour. As to the mobility of the factors of production other than labour, it must not be forgotten that the whole system implies the bringing about of certain conditions in the system of international trade. The whole question of customs duties, prohibitions and restrictions, preferential clauses, the closed door, etc., which was studied by the Economic and Financial Organisation of the League of Nations, would thus be treated in organic connection with, and almost as a function of, this system of international co-operation.

It would be chimerical to aim at equalising and allocating quotas of movable capital and of raw materials, just as it would be a mistake to endeavour to bring about a uniform distribution of the density of population throughout the world. The essential matter is that labour and capital should be capable of being transferred without hindrance and to flow to those places where



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their utilisation is most productive and implies least cost in men and money.

The force which moves capital is credit and the institutions which supply it. In a rational system of world economy the function of credit is of fundamental importance; it must act as the fulcrum of the whole system, whether through its function of regulating commercial life or through its directly productive employment. A plan which aims at giving to credit the fulness of its commercial function as well as all its productive impulse is indispensable for the purposes of economic reconstruction. Fruitful beginnings of practical application may already be observed in this field.

It is necessary, as a first step, to co-ordinate these and other attempts which may be made, with a view to an action extending over a long period, which may embrace all needs of credit and the many varied forms of its distribution. Even in this case, action of this kind presupposes the rectification of certain kinds of maladjustment and want of harmony, as well as the elimination of certain causes of friction and of waste of effort and wealth.

That the corporative principle has so much expansive and co-ordinating strength as to be capable of passing beyond the limits of a single nation, and to be employed as an important constructive factor of the organisation which we advocate, may also be seen from the fact that its adoption is already contemplated for future colonial systems. Recalling what we said elsewhere regarding the incurable defects of the old colonial policy in respect of the necessity for protecting the physical and moral qualities of the native populations and for promoting their economic advancement, it gives us pleasure to note, at

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the conclusion of these pages, this recent turn taken by political thought as to the practicability of applying, *mutatis mutandis*, corporative organisation to the internal system of colonies.

Sir Edward Grigg, a distinguished colonial administrator and ex-Governor of a flourishing British colony, has more than anyone else stressed this point and indicated the bearing of Mussolini's principle on the future of African possessions. The two fundamental requirements inherent in this principle—a strong central Power with a representative system in which all the forces of national opinion can find expression and an economic structure which puts an end to the division and the struggle between classes—these requirements, according to Sir Edward, must also govern the political organisation and the economy of the colonies, because they are those which can best contribute to their advancement and to complete harmony between the authorities in the mother country and the local administration. The system, which is beginning to be vigorously advocated, is the more worthy of consideration in that the corporative organisation required by the fundamental economic necessities of enlarging the African markets would also have the important political aim of bringing together in the same local corporative organisations persons of different races, and it would thus contribute towards that mutual confidence which is one of the essential conditions for redeeming for true civilisation those lands so full of promise.\*

\* Sir Edward Grigg: *The Constitutional Problem in Kenya*, Court Foundation Lecture, 1933. University College, Nottingham.

# *World Reorganisation on Corporative Lines*

## *A Programme of Economic Liberation*

We venture to hope that our rapid examination has succeeded in making clear:

(1) the fact, of which evidence can be and has been produced, of the great reserves of productive power which remain unutilised and are therefore lost to the well-being of mankind;

(2) the pressure of needs continually growing in number and in intensity which makes it imperative to utilise that power for the benefit of still backward communities;

(3) the principal obstacles and organic defects of the present economic system which frustrate the effective application of that co-ordinating principle which is the basis of the future world system;

(4) the first forms of rudimentary international co-operation already in existence, which constitute a model for more vital and more stable institutions;

(5) the new force of co-ordination of the factors of production which is fully operative within the limits of the Italian nation and which has intrinsic qualities such as to render it a factor in the renewal and unification of world economic society;

(6) the possibility of at once starting this work in the old continent with a view to a closer union between the States of Europe: an example and constructive factor for a steadily growing intercontinental and world-wide community.

Are we, then, advocating "regulated economy"? It is true that we have always spoken hitherto of co-ordinated economy. However, if by "regulated economy" is to be understood a system which will not give to industrial

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combinations, to preferential duties, to colonial agreements, to mandatory privileges the possibility of existing and flourishing to the injury of the consuming community; a system which will find the way to enable the millions of unemployed workers who are to-day a burden on public budgets and private charity to enter again into the circuit of production; a system, again, of relative equality of productive possibilities which will be a real guarantee of social justice and political tranquillity; a system, lastly, which will hasten the federation of the States of Europe in the first instance and afterwards solidarity among the peoples, removing the most potent reasons for conflicts and wars, then we are unhesitatingly in favour of regulated economy. For we are unable to understand anarchical economy and economic anarchy, in the shadow of which it would seem that the maleficent plant of privilege and of uncontrolled action grows more rankly than ever to-day.

Our proposal and our suggestions point to a synthetic reconstruction of the social order, of which experience alone can be the judge.

We have pointed out the ways through which this experience can be guided, and we have concluded that the economic and, at the same time, social and political system by which the Italian nation is upheld offers it safe guidance along that road.

The nations and the States cannot have economic ideals, because economic activity is a means not an end. Economic problems must not usurp, in the policy of States and in the life of nations, as unfortunately they have done, the place and the attention which are due to the forces of the spirit, to the perfecting of the social life of the human community.

## *World Reorganisation on Corporative Lines*

In Italy and in the Italian corporative system live and operate the spiritual germs of this escape from the economic pressure which afflicts mankind and throws the nations one against the other; they exhibit the expansive virtue of their own supreme principle, of the rational co-ordination of social forces and social activities for a comprehensive aim of prosperity and of power.

There can be no doubt that by applying them on the international plane in a vaster sphere of action the mission of the great industrial countries of Europe will be fulfilled by assuring to the world another century of prosperity.

APPENDIX  
STATISTICAL AND OTHER  
INFORMATION

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# AREA AND POPULATION OF THE PRINCIPAL COUNTRIES AND OF THE COLONIAL TERRITORIES

Countries	Area (Thousands of Square Kilometres)	Census or Estimate	Thousands of Inhabitants	Density per Square Kilometre
<b>EUROPE</b>				
Austria .. ..	83·9	C. 1931	6,732·6	80·3
Belgium .. ..	30·4	E. 1931	8,159·2	268·0
Bulgaria .. ..	103·1	E. 1931	6,066·6	58·8
Czechoslovakia ..	140·5	E. 1931	14,823·5	105·5
Denmark .. ..	42·9	E. 1931	3,566·0	83·1
Estonia .. ..	47·5	E. 1931	1,119·5	23·5
Finland .. ..	388·2	E. 1930	3,667·1	9·4
France .. ..	551·0	E. 1931	41,860·0	76·0
Germany .. ..	470·7	E. 1931	65,441·0	139·0
Great Britain ..	231·2	E. 1931	44,831·0	193·9
Greece .. ..	130·2	E. 1931	6,480·0	49·8
Hungary .. ..	93·0	E. 1931	8,734·2	93·9
Irish Free State ..	68·9	E. 1931	2,957·0	42·9
Italy .. ..	310·1	E. 1931	41,490·0	133·8
Latvia .. ..	65·8	E. 1931	1,920·1	29·2
Lithuania .. ..	55·7	E. 1931	2,393·0	43·0
Netherlands ..	32·8	E. 1931	8,061·8	245·9
Norway .. ..	322·7	E. 1931	2,831·3	8·8
Poland .. ..	388·4	E. 1931	32,176·0	82·8
Portugal .. ..	91·9	C. 1930	6,654·8	72·4
Rumania .. ..	295·0	C. 1930	18,052·9	61·2
Spain .. ..	503·1	E. 1930	23,656·0	47·0
Sweden .. ..	449·0	E. 1931	6,162·4	13·7
Switzerland .. ..	41·3	E. 1931	4,077·1	98·7
Yugoslavia .. ..	248·7	E. 1931	14,086·4	56·6
<i>Total Europe (excluding U.S.S.R.)</i>	5,424·5	—	380,584·9	70·2
U.S.S.R. (European and Asiatic Territories) .. ..	21,274·3	E. 1931	163,166·1	7·7



# World Reorganisation on Corporative Lines

Countries	Area (Thousands of Square Kilometres)	Census or Estimate	Thousands of Inhabitants	Density per Square Kilometre
<b>NORTH AND CENTRAL AMERICA</b>				
Alaska .. ..	1,518·8	C. 1930	59·3	0·04
British Honduras ..	22·3	C. 1931	51·3	2·3
British West Indies	32·7	E. 1931	1,991·8	134·7
Canada .. ..	9,557·0	C. 1931	10,376·8	1·1
Costa Rica .. ..	58·0	E. 1930	516·0	8·9
Cuba .. ..	118·8	E. 1931	3,962·3	33·3
Dominican Republic	50·1	E. 1931	1,200·0	24·0
Guatemala .. ..	110·0	E. 1932	2,006·2	18·2
Haiti .. ..	26·4	E. 1929	2,300·0	87·1
Honduras .. ..	114·7	C. 1930	85·9	7·5
Mexico .. ..	1,969·2	C. 1930	16,404·0	8·3
Newfoundland and Labrador .. ..	712·6	E. 1931	281·5	0·4
Nicaragua .. ..	118·5	E. 1930	925·0	7·8
Panama .. ..	75·3	C. 1930	467·5	6·2
San Salvador .. ..	34·1	E. 1930	1,459·6	42·8
United States ..	7,839·4	E. 1931	124,070·0	15·8
<i>Total, North and Central America</i>	22,679·3	—	168,706·4	7·4
<b>SOUTH AMERICA</b>				
Argentina .. ..	2,792·7	E. 1931	11,658·7	4·2
Bolivia .. ..	1,332·8	E. 1931	3,500·0	2·6
Brazil .. ..	8,511·2	E. 1930	41,477·0	4·9
British Guiana ..	231·7	C. 1931	310·9	1·3
Chile .. ..	741·8	E. 1931	4,350·6	5·9
Colombia .. ..	1,150·2	C. 1928	7,851·0	6·8
Dutch Guiana ..	140·7	E. 1930	153·3	1·1
Ecuador .. ..	451·2	E. 1931	2,500·0	5·5
French Guiana ..	88·2	E. 1931	29·1	0·3
Paraguay .. ..	418·7	E. 1930	851·6	2·0
Peru .. ..	1,378·4	E. 1930	6,237·0	4·5
Uruguay .. ..	186·9	E. 1930	1,903·1	10·2
Venezuela .. ..	1,020·4	E. 1931	3,226·1	3·2
<i>Total, South America</i> ..	18,465·6	—	84,536·1	4·6

## Appendix

Countries	Area (Thousands of Square Kilometres)	Census or Estimate	Thousands of Inhabitants	Density per Square Kilometre
<b>ASIA</b>				
Afghanistan .. ..	650·0	E. 1931	11,000·0	16·9
Arabia .. ..	2,600·0	E. 1931	7,000·0	2·7
China .. ..	11,084·0	E. 1928- 1929	452,791·1	40·9
French Indo-China	740·4	C. 1931	21,452·0	29·0
India .. ..	4,718·4	C. 1931	352,756·8	74·8
Iraq .. ..	371·0	E. 1931	3,250·0	8·8
Japan .. ..	382·3	E. 1931	65,366·5	171·0
Korea .. ..	220·7	C. 1930	21,058·3	95·4
Malaya .. ..	132·1	C. 1931	3,237·2	24·5
Netherlands Indies ..	1,899·8	C. 1930	60,731·0	32·0
Palestine .. ..	26·2	C. 1931	1,035·2	39·6
Persia .. ..	1,645·0	E. 1931	10,000·0	6·1
Philippine Islands ..	296·3	E. 1931	12,419·1	41·9
Siam .. ..	518·4	E. 1931	11,940·0	23·0
Syria and Lebanon	154·0	E. 1931	2,768·0	18·0
Turkey (including the European terri- tories .. ..)	762·7	C. 1927	13,648·3	30·2
<i>Total, Asia (exclud- ing the U.S.S.R.)</i>	26,822·4	—	1,072,446·6	40·0
<b>AFRICA</b>				
Abyssinia .. ..	900·0	E. 1931	10,000·0	11·1
Algeria .. ..	2,196·3	C. 1931	6,553·4	3·0
Anglo-Egyptian Sudan .. ..	2,610·9	E. 1931	5,507·9	2·1
Angola .. ..	1,259·3	E. 1926	2,512·0	2·0
Bechuanaland .. ..	712·0	C. 1921	153·0	0·2
Belgian Congo .. ..	2,381·6	E. 1930	8,828·6	3·7
British Somaliland ..	176·0	E. 1933	350·0	2·0
Cameroons (Franco- British mandate) ..	520·0	E. 1931	2,965·6	6·9
Egypt .. ..	1,020·0	E. 1931	14,812·0	14·5
<i>Carried forward</i>	11,776·1	—	51,682·5	

# World Reorganisation on Corporative Lines

Countries	Area (Thousands of Square Kilometres)	Census or Estimate	Thousands of Inhabitants	Density per Square Kilometre
<b>AFRICA (<i>contd.</i>)</b>	<b>11,776·1</b>		<b>51,682·5</b>	
<i>Brought forward</i>		—		
Eritrea .. ..	118·6	C. 1931	621·8	5·2
French Equatorial Africa .. ..	2,370·0	C. 1931	3,197·0	1·3
French Morocco ..	420·0	C. 1931	5,057·4	12·0
French West Africa .	4,659·7	C. 1931	14,576·0	3·1
Gold Coast .. ..	203·7	C. 1931	2,869·9	14·1
Italian Somaliland ..	600·0	C. 1931	990·8	1·7
Kenya .. ..	583·0	E. 1930	3,024·9	5·2
Liberia .. ..	100·0	E. 1931	2,000·0	20·0
Lybia .. ..	1,500·0	C. 1931	705·2	0·4
Madagascar .. ..	616·5	C. 1931	3,724·0	6·0
Mozambique .. ..	771·5	C. 1930	3,850·0	5·0
Nigeria .. ..	877·4	E. 1931	19,113·7	21·8
Rhodesia .. ..	1,135·2	E. 1930	2,454·1	2·3
South-west Africa (British mandate) ..	835·1	E. 1930	240·5	0·3
Tanganyika (British mandate) .. ..	968·9	C. 1931	5,063·7	5·2
Tunis .. ..	125·2	C. 1931	2,410·7	19·3
Uganda .. ..	244·0	E. 1930	3,513·6	14·4
Union of South Africa .. ..	1,223·4	E. 1931	8,132·6	6·6
<i>Total, Africa</i> ..	<b>30,037·0</b>	—	<b>144,653·0</b>	<b>4·8</b>
<b>OCEANIA</b>				
Australia .. ..	7,703·9	E. 1931	6,525·9	0·8
New Zealand .. ..	269·4	E. 1931	1,521·9	5·6
<i>Total, Oceania</i> ..	<b>8,565·7</b>	—	<b>9,873·8</b>	<b>1·2</b>
<i>World Total</i> ..	<b>133,268·8</b>	—	<b>2,023,967·0</b>	<b>15·2</b>

# Appendix

## AREA AND POPULATION OF THE COLONIAL TERRITORIES

	Area and Population of the Mother Country, in Thousands of		Area and Population of the Colonies and Mandated Areas, in Thousands of	
	Sq. km.	Inhabitants	Sq. km.	Inhabitants
Great Britain ..	231·2	44,831·0	39,997	413,450
France .. ..	551·0	41,860·0	11,405	57,981
Netherlands .. ..	32·8	8,061·8	2,030	49,520
Belgium .. ..	30·4	8,159·2	2,419	11,421
Portugal .. ..	91·9	6,654·8	2,246	6,773
Spain .. ..	503·1	23,656·0	340	993
Japan .. ..	382·3	65,366·5	298	23,388
United States ..	7,839·4	124,070·0	1,856	12,771
Italy .. ..	310·1	41,490·0	2,114	1,788

## POPULATION CAPACITY OF THE EARTH

THE following figures indicate the population capacity of the earth—that is, the total number of inhabitants which each country would be able to maintain if drawing the necessary food exclusively from its own territory—with the *possible* density in a given country and with the *present* density (1925). The population index expresses the present conditions of each nation, the capacity being equal to 100. Those countries which have an index higher than 100 are, therefore, overpopulated, and those which have an index lower than 100 are underpopulated.

The figures were calculated by Professor Alois Fischer, of Vienna. See *Zeitschrift für Geopolitik*, Kurt Wowinkel, Berlin, 1925, and *Erde und Wirtschaft*, 1928.

	Capacity (Millions)	Possible Density	Present Density (1925)	Population Index
EUROPE				
Russia .. ..	220	48	24	50
France .. ..	50	91	73	81
Germany .. ..	45	95	134	140
Italy .. ..	35	113	127	113
Poland .. ..	33	85	74	87
Great Britain and Ire- land .. ..	27	86	155	179
Spain .. ..	27	54	43	79
Rumania .. ..	23	78	59	75
Yugoslavia .. ..	17	68	51	74
Czechoslovakia .. ..	13	93	101	109
Hungary .. ..	10	103	88	82
Sweden .. ..	10	22	13	60
Bulgaria .. ..	8	78	49	63
Greece .. ..	7	57	48	84
Portugal .. ..	6	67	64	95
Netherlands .. ..	4	117	214	183
Austria .. ..	4	48	79	165

## Appendix

	Capacity (Millions)	Possible Density	Present Density (1925)	Population Index
<i>EUROPE—continued</i>				
Denmark .. ..	4	93	79	85
Belgium .. ..	3·5	115	254	183
Finland .. ..	2	5	9	174
Norway .. ..	2	6	8·5	138
Switzerland .. ..	1·7	41	95	231
 ASIA				
India .. ..	400	82	67	82
Netherlands Indies .. ..	250	168	34	20
China .. ..	475	57	52	92
Japan .. ..	45	117	152	131
 AFRICA				
Northern Africa .. ..	90	6·7	3·6	53
Central Africa .. ..	1,500	107	5·6	3
South Africa .. ..	60	21	2·8	15
 AMERICA				
United States .. ..	500	63	14	23
Canada .. ..	150	16	9·7	6
Brazil .. ..	900	106	3·8	4
Argentina .. ..	150	54	3·5	7
 OCEANIA				
Australia .. ..	120	16	7·7	5
New Zealand .. ..	25	93	4·9	5
New Guinea .. ..	100	127	0·9	0·7

## THE WEALTH AND INCOME OF THE NATIONS

FROM *Les forces économiques du monde*, a publication issued in Berlin in 1930 by the Dresden Bank, the figures relating to the amount of the national wealth and to that of the national income (in pre-war German marks) have been extracted and collated for purposes of comparison. It must, however, be noted that the data do not all relate to the same period, owing to the fact that in the recent statistics consulted the figures have not been periodically brought up to date. Consequently the figures contained in the following table are only very roughly comparable.

For 1928, the year for which the statistics contained in the publication close, the figures are only available for Germany, France, Italy, Austria, Rumania, Switzerland, Hungary and the United States. For the other nations the statistics relate to earlier years.

As a general consideration, we may note that the countries which show the highest figures of national wealth calculated per head of the population were the United States, Canada, Switzerland, New Zealand and Great Britain. The countries which show the lowest figures were India, China, Colombia, Peru and most of the small States of South and Central America.

Comparing the figures of the amount of the income with those of the national wealth it may be noted that the income almost always represents between 10 and 20 per cent of the national wealth. The national income is highest in the United States, an indication of the growing importance of this nation in the world.

# Appendix

Countries	Year	National Wealth		Year	National Income	
		Milliards of Pre-war Marks	Thousands of Pre-war Marks per Head of the Population		Milliards of Pre-war Marks	Pre-war Marks per Head of the Population
EUROPE						
Austria ..	1928	17	2.5	1928	3.2	475
Belgium ..	1926	32	4.1	1925	4.7	603
Bulgaria ..	—	—	—	1926	1.0	182
Czechoslovakia ..	1924	42	3.0	1927	6.5	454
Denmark ..	1926	17.5	5.1	1928	49.1	765
Estonia ..	—	—	—	1926	0.3	290
Finland ..	1926	8.5	2.4	1926	11.02	315
France ..	1928	212	5.2	1928	28.7	716
Germany ..	1928	250	3.9	1928	2.9	771
Great Britain ..	1925	304	6.7	1926	51.2	1,123
Greece ..	1926	8	1.3	—	—	—
Hungary ..	1928	17	1.9	1928	2.6	307
Italy ..	1928	109	2.8	1928	17.4	425
Latvia ..	1926	3	1.7	1926	0.54	285
Lithuania ..	—	—	—	1926	0.5	218
Netherlands ..	—	—	—	1926	8.6	1,119
Norway ..	1927	11	4.0	1926	2.6	957
Poland ..	1924	50.5	1.8	1926	6.6	224
Portugal ..	1926	11.5	1.8	—	—	—
Rumania ..	1928	38	2.1	1928	5.0	282
Russia ..	1926	148	1.0	1926	35.4	233
Spain ..	1926	91.5	4.2	1924	9.9	454
Sweden ..	1924	28	4.7	1926	4.8	793
Switzerland ..	1928	33.5	8.3	1928	4.2	1,054
Yugoslavia ..	1926	27.5	2.1	1926	3.1	242

[Table continued on p. 258]



# World Reorganisation on Corporative Lines

Country	Year	National Wealth		Year	National Income	
		Milliards of Pre-war Marks	Thousands of Marks per Head of the Population		Milliards of Pre-war Marks	Pre-war Marks per Head of the Population
ASIA						
China .. ..	1926	177	0.4	1926	17.9	43
India .. ..	1926	103	0.3	1922	25.7	80
Japan .. ..	1925	118.5	2.0	1925	15.5	252
Netherlands Indies ..	—	—	—	1924	2.1	49
AFRICA						
Egypt .. ..	—	—	—	1926	4.2	300
Union of South Africa	1926	26	2.1	1926	2.1	277
AMERICA						
Argentina .. ..	1926	44.5	4.4	—	—	—
Brazil .. ..	1926	54.5	1.5	1926	5.0	128
Canada .. ..	1927	83.5	8.8	1926	17.3	1,815
Chile .. ..	1926	14	3.5	—	—	—
Colombia .. ..	1926	4.5	0.6	—	—	—
Cuba .. ..	1926	9	2.7	—	—	—
Mexico .. ..	1926	20	1.3	—	—	—
Peru .. ..	1926	6	1.0	—	—	—
United States .. ..	1928	1,262	10.5	—	—	—
Uruguay.. ..	1926	10	5.8	1928	267.4	2,280
OCEANIA						
Australia .. ..	1925	45	7.6	1926	8.6	1,431
New Zealand .. ..	1926	11	7.6	—	—	—

#### IV

### EXPORTS AND IMPORTS OF CAPITAL

INDIRECT estimates calculated on the basis of figures relating to merchandise, gold and services (in millions of dollars). Reparation receipts and payments are included with merchandise and services. See League of Nations, *World Economic Survey*, 1931-1932, and *Balance of Payments*, 1931 and 1932, Geneva, 1933.

# World Reorganisation on Corporative Lines

## EXPORTS OF CAPITAL FROM THE MAIN CREDITOR COUNTRIES

Years .. ..	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932
Great Britain*	700	380	261	127†	384	570	574	112	313†	260†
France‡	—	—	—	—	504	237	20†	258†	787†	1,041†
Switzerland	—	23	43	28	—	—	—	—	—	—
Belgium, Luxembourg and Congo§	—	—	—	—	—	—	69	—	—	—
Sweden .. ..	1	10	20	33	65	19	71	26	23*	21
Czechoslovakia ..	—	—	17	55	61	61	26	50	29	26†
United States ..	104†	590	642	173	518	1,126	225	295	0	547

\* Exclusive of Government capital transactions.

† Including the French overseas territories except Indo-China. The amortisation of inter-allied debts is excluded.

§ Excluding amortisation of inter-allied debts.

† Imports of capital.

# Appendix

## IMPORTS OF CAPITAL TO THE MAIN DEBTOR COUNTRIES

Years	1924	1925	1926	1927	1928	1929	1930	1931	1932
EUROPE									
Germany	421	857	151	1,058	974	508	120	506*	101*
Hungary	27	—	26	89	91	38	24	39	4
Poland	48	69	72*	82	124	67	1	5	—
Yugoslavia	—	—	8	23	27	13*	—	—	—
OTHER CONTINENTS									
Argentina†	†	†	226	122*	181	4	243	27*	—
Australia§	220	110	170	188	188	214	15	56*	—
Canada	107	277	173	137*	201*	65	159	27*	64*
India	71	69*	178	121	67	37	92	86*	24*
Japan¶	226	74	128	50	80	9*	128*	162*	67*
Netherlands Indies	—	187	45*	57*	0	66	60	28	4*
New Zealand**	22	33	67	3*	5*	53	49	2	—
Union of South Africa	5	34	20	26	46	65	32	19	—

\* Exports of capital.

† Economic years ending September 30th.

‡ From September 1, 1923, to September 30,

1925; 87.

§ economic years ending June 30th.

|| Economic years beginning March 31st.

¶ Including Korea and Formosa. The figure for 1932 is not official.

\*\* The figures relating to 1927 and to later years refer to economic years beginning April 1st.

## WORLD PRODUCTION OF RAW MATERIALS SUBJECTED TO PROCESSES OF TRANSFORMATION

THE average production of raw materials subjected to processes of transformation is represented by percentages calculated for the three-year period 1927-1929, according to the statistics contained in the *Statistical Year-Book of the League of Nations, 1932-1933*. The percentages themselves are only approximate, as in the sources the totals of the production of the world and of the continents are given in round figures and sometimes even in provisional or estimated figures. The percentages for the separate countries are those of world production and not of the separate continents.

For *electricity, iron ores, manganese ores and platinum*, as the total world production is not available, only the average production of the three years under consideration is given.

### AGRICULTURAL PRODUCTS

#### CRUDE RUBBER (exports)

AFRICA .. ..	..	1·1	ASIA— <i>continued</i>		
SOUTH AMERICA ..	..	3·3	Ceylon .. ..	..	9·2
ASIA .. ..	..	95·6	Dutch East Indies ..	..	33·6
British Borneo ..	..	2·5	French Indo-China ..	..	1·3
British Malaya ..	..	46·7	India .. ..	..	1·6

#### COTTON

AFRICA .. ..	..	7·8	SOUTH AMERICA ..	..	3·6
Egypt .. ..	..	6·1	Brazil .. ..	..	2·0
NORTH AMERICA—			ASIA .. ..	..	27·3
United States ..	..	55·3	China .. ..	..	7·4
CARIBBEAN .. ..	..	1·0	India .. ..	..	18·4
Mexico .. ..	..	0·9	U.S.S.R. .. ..	..	4·9
			EUROPE .. ..	..	0·1

# Appendix

## FLAX FIBRE

AFRICA .. .. .	0·1	EUROPE— <i>continued</i>	
ASIA .. .. .	0·4	Latvia .. .. .	3·2
Japan .. .. .	0·4	Lithuania (flax and	
U.S.S.R. .. .. .	58·0	hemp) .. .. .	6·3
EUROPE .. .. .	41·5	Netherlands .. .. .	2·2
Belgium .. .. .	4·1	Poland .. .. .	10·9
France .. .. .	5·6		

## HEMP FIBRE

SOUTH AMERICA—		EUROPE .. .. .	26·7
Chile .. .. .	0·2	Italy .. .. .	16·8
ASIA .. .. .	5·8	Poland .. .. .	3·8
Japan .. .. .	1·6	Rumania .. .. .	3·2
Korea .. .. .	3·8	Spain .. .. .	1·2
U.S.S.R. .. .. .	60·7	Yugoslavia .. .. .	4·7

(The production of the United States and Turkey is not included.)

## WOOL

AFRICA .. .. .	10·5	ASIA— <i>continued</i>	
Algeria .. .. .	1·0	Persia .. .. .	1·3
Union of South Africa	7·8	U.S.S.R. .. .. .	9·7
NORTH AMERICA .. .. .	10·6	EUROPE .. .. .	13·9
United States .. .. .	10·0	Bulgaria .. .. .	2·2
SOUTH AMERICA .. .. .	15·5	Great Britain .. .. .	3·3
Argentina .. .. .	8·9	Rumania .. .. .	1·5
Uruguay .. .. .	3·7	Spain .. .. .	2·2
ASIA—		OCEANIA .. .. .	32·5
China (exports) .. .. .	2·2	Australia .. .. .	25·4
India (exports) .. .. .	1·4	New Zealand .. .. .	7·3

## RAW SILK

ASIA .. .. .	88·4	U.S.S.R. .. .. .	2·0
China (exports) .. .. .	16·1	EUROPE .. .. .	9·6
Japan .. .. .	68·7	France .. .. .	0·4
Korea .. .. .	2·0	Italy .. .. .	8·2

# World Reorganisation on Corporative Lines

## INDUSTRIAL AND MINERAL PRODUCTS AND CHEMICAL FERTILISERS

### ARTIFICIAL SILK

NORTH AMERICA	..	26.5	EUROPE— <i>continued</i>		
United States ..	..	25.5	France ..	..	10.2
SOUTH AMERICA—			Germany ..	..	12.8
Brazil ..	..	0.2	Great Britain ..	..	12.8
ASIA ..	..	4.6	Italy ..	..	15.7
EUROPE ..	..	68.7	Netherlands ..	..	4.5
Belgium ..	..	4.1	Switzerland ..	..	2.9

### WOOD PULP

		Chem.	Mech.			Chem.	Mech.
NORTH AMERICA	..	43.5	55.2	EUROPE	..	52.0	39.5
Canada ..	..	14.0	29.8	Finland ..	..	6.3	4.7
United States ..	..	19.8	15.0	Germany ..	..	12.6	12.7
ASIA ..	..	3.5	3.7	Norway ..	..	4.5	7.2
U.S.S.R. ..	..	1.0	1.6	Sweden ..	..	17.8	8.7

### CEMENT

NORTH AMERICA	..	44.5	EUROPE— <i>continued</i>		
Canada ..	..	2.5	France ..	..	6.3
United States ..	..	42.0	Germany ..	..	10.2
ASIA ..	..	7.3	Great Britain ..	..	6.3
Japan ..	..	4.7	Italy ..	..	4.3
U.S.S.R. ..	..	2.6	Poland ..	..	2.7
EUROPE ..	..	42.9	Spain ..	..	2.2
Belgium and Luxemburg		4.1			

(Some producing countries of minor importance in Africa and in the Caribbean and South America are excluded.)

### COAL

AFRICA—			U.S.S.R. ..	..	..	2.7
Union of South Africa		1.1	EUROPE ..	..	..	45.0
NORTH AMERICA ..	..	42.8	Belgium ..	..	..	2.1
United States ..	..	41.8	France ..	..	..	4.0
SOUTH AMERICA—			Germany ..	..	..	12.1
Chile ..	..	0.4	Great Britain ..	..	..	19.6
ASIA ..	..	7.0	Poland ..	..	..	3.2
China ..	..	0.9	Sarre ..	..	..	1.0
India ..	..	1.7	OCEANIA ..	..	..	1.0
Japan ..	..	2.6	Australia ..	..	..	0.9

# Appendix

## LIGNITE

NORTH AMERICA—				EUROPE— <i>continued</i>			
Canada .. ..	..	..	1·7	Germany .. ..	..	..	76·9
ASIA .. ..	..	..	0·2	Hungary .. ..	..	..	3·1
EUROPE .. ..	..	..	96·8	Rumania .. ..	..	..	1·3
Austria .. ..	..	..	1·5	Yugoslavia .. ..	..	..	2·3
Czechoslovakia ..	..	..	9·8	OCEANIA .. ..	..	..	1·3

## PETROLEUM

AFRICA (Egypt) .. ..				SOUTH AMERICA— <i>continued</i>			
NORTH AMERICA ..	..	..	68·3	Venezuela .. ..	..	..	8·0
United States ..	..	..	68·2	ASIA .. ..	..	..	6·6
CARIBBEAN .. ..	..	..	4·8	Dutch East Indies ..	..	..	2·2
Mexico .. ..	..	..	4·2	Persia .. ..	..	..	2·9
Trinidad .. ..	..	..	0·5	U.S.S.R. .. ..	..	..	6·3
SOUTH AMERICA ..	..	..	11·1	EUROPE .. ..	..	..	2·8
Colombia .. ..	..	..	1·4	Rumania .. ..	..	..	2·2

## ELECTRICITY

*Average of the Three-Year Period 1927-1929*

(Millions of Kwh.)

AFRICA—				EUROPE— <i>continued</i>			
Union of S. Africa ..	..	..	2,288	France .. ..	..	..	12,894
NORTH AMERICA—				Germany .. ..	..	..	27,889
Canada .. ..	..	..	16,283	Great Britain ..	..	..	14,597
United States ..	..	..	107,333	Italy .. ..	..	..	8,946
SOUTH AMERICA—				Netherlands (public			
Argentina .. ..	..	..	758	centrals) .. ..	..	..	1,467
Chile (public centrals)			260	Norway .. ..	..	..	9,397
ASIA—				Poland .. ..	..	..	2,007
Japan (public centrals)			11,969	Sweden .. ..	..	..	4,589
U.S.S.R. .. ..	..	..	5,187	Switzerland ..	..	..	4,950
EUROPE—				OCEANIA—			
Austria .. ..	..	..	2,500	Australia .. ..	..	..	2,156
Belgium .. ..	..	..	3,746				



# World Reorganisation on Corporative Lines

## IRON ORE

*Average of the Three-Year Period 1927-1929*

(Thousands of Metric Tons)

AFRICA—				ASIA— <i>continued</i>			
Algeria	..	..	2,062	Unfederated Malay States	..	..	655
Spanish Morocco	..	..	1,133	U.S.S.R.	..	..	5,799
Tunis	..	..	935	EUROPE—			
NORTH AMERICA—				Austria (iron and man-ganese)			
United States	..	..	66,709	Czechoslovakia	..	..	1,806
CARIBBEAN—				France	..	..	48,468
Cuba	..	..	502	Germany	..	..	6,267
SOUTH AMERICA—				Great Britain	..	..	12,085
Chile	..	..	1,615	Luxemburg	..	..	7,288
ASIA—				Spain (iron and man-ganese)			
China (exports)	..	..	802	Sweden	..	..	8,599
India	..	..	2,144				
Southern Manchuria			695				

## COPPER ORE

AFRICA .. .. .				SOUTH AMERICA— <i>continued</i>			
Belgian Congo	..	..	6.4	Peru	..	..	3.0
NORTH AMERICA—				ASIA—			
Canada	..	..	5.2	Japan	..	..	4.0
United States	..	..	47.6	U.S.S.R.	..	..	1.6
CARIBBEAN				EUROPE—			
Mexico	..	..	5.0	Germany	..	..	1.6
	..	..	4.1	Spain	..	..	3.2
SOUTH AMERICA				OCEANIA—			
Chile	..	..	19.9	Australia	..	..	0.6
	..	..	16.6				

## LEAD ORE

AFRICA .. .. .				ASIA			
South-west Africa	..	..	1.5	India	..	..	6.2
Tunis	..	..	1.2	U.S.S.R.	..	..	0.2
NORTH AMERICA				EUROPE	..	..	16.8
Canada	..	..	8.8	Germany	..	..	3.0
United States	..	..	35.1	Great Britain	..	..	1.0
CARIBBEAN—				Italy	..	..	2.0
Mexico	..	..	14.5	Spain	..	..	7.0
SOUTH AMERICA				OCEANIA—			
Bolivia	..	..	0.9	Australia	..	..	11.7
Peru	..	..	0.9				

## Appendix

### ZINC ORE

AFRICA .. .. .	2.0	U.S.S.R. .. .. .	0.5
Algeria .. .. .	0.9	EUROPE .. .. .	24.8
NORTH AMERICA .. .. .	45.7	Germany .. .. .	7.3
Canada .. .. .	5.1	Italy .. .. .	5.3
United States .. .. .	40.0	Poland .. .. .	6.5
CARIBBEAN—		Spain .. .. .	3.0
Mexico .. .. .	9.8	Sweden .. .. .	1.4
SOUTH AMERICA .. .. .	0.8	OCEANIA—	
ASIA .. .. .	6.4	Australia .. .. .	10.0
India .. .. .	3.8		

### TIN ORE

AFRICA .. .. .	6.8	ASIA— <i>continued</i>	
Nigeria .. .. .	5.1	Federated Malay States	
SOUTH AMERICA—		(exports) .. .. .	35.4
Bolivia (exports) .. .. .	23.6	EUROPE .. .. .	2.2
ASIA—		Portugal .. .. .	1.7
Dutch East Indies .. .. .	19.7	OCEANIA .. .. .	1.7

### ALUMINIUM

NORTH AMERICA .. .. .	50.0	EUROPE— <i>continued</i>	
Canada .. .. .	12.4	Germany .. .. .	12.8
United States .. .. .	37.3	Great Britain .. .. .	1.7
EUROPE .. .. .	50.0	Norway .. .. .	10.3
France .. .. .	11.2	Switzerland .. .. .	8.2

### MANGANESE ORE

*Average of the Three-Year Period 1927-1929*  
(Thousands of Metric Tons)

AFRICA—		ASIA— <i>continued</i>	
Gold Coast (exports) .. .. .	377	India .. .. .	1,055
Egypt (manganese and iron) .. .. .	161	Japan .. .. .	21
NORTH AMERICA—		U.S.S.R. .. .. .	942
United States .. .. .	51	EUROPE—	
CARIBBEAN—		Austria (manganese and iron) .. .. .	37
Cuba (exports) .. .. .	75	Czechoslovakia .. .. .	101
SOUTH AMERICA—		Hungary .. .. .	20
Brazil .. .. .	285	Italy .. .. .	10
ASIA—		Rumania .. .. .	26
China (exports) .. .. .	44	Spain .. .. .	23
Dutch East Indies .. .. .	21	Sweden .. .. .	16

# World Reorganisation on Corporative Lines

## NICKEL

NORTH AMERICA	..	88.5	OCEANIA—		
Canada	..	88.0	New Caledonia	..	8.5

(Some producing countries of minor importance in Europe and Asia not included.)

## GOLD

AFRICA .. .. .	58.3	SOUTH AMERICA— <i>continued</i>	
Belgian Congo (industrial production)	0.7	Peru .. .. .	0.4
Gold Coast .. ..	0.9	Venezuela .. ..	0.2
Rhodesia .. .. .	2.9	ASIA—	
Union of South Africa	53.3	Dutch East Indies	0.5
NORTH AMERICA ..	20.7	India .. .. .	1.9
Canada .. .. .	9.8	Japan .. .. .	1.6
United States (including Alaska)	10.9	Korea .. .. .	0.8
CARIBBEAN .. ..	4.0	Philippines ..	0.5
Mexico .. .. .	3.5	U.S.S.R. (uncertain)	4.7
SOUTH AMERICA ..	2.5	EUROPE—	
Brazil (uncertain)	0.5	France .. .. .	0.2
Colombia (uncertain)	0.4	Rumania (industrial production)	0.3
Ecuador .. .. .	0.3	OCEANIA .. .. .	3.3
French Guiana ..	0.2	Australia .. ..	2.4

## PLATINUM AND ALLIED METALS

*Average of the Three-Year Period 1927-1929*

(Kilogrammes)

AFRICA—		NORTH AMERICA— <i>continued</i>	
Ethiopia .. .. .	77	United States ..	297
Union of South Africa	933	SOUTH AMERICA—	
NORTH AMERICA—		Colombia .. .. .	1,321
Canada .. .. .	795	U.S.S.R. .. .. .	3,000
		OCEANIA .. .. .	45

# Appendix

## SILVER

AFRICA .. .. .	0.8	ASIA— <i>continued</i>	
NORTH AMERICA.. ..	31.5	India .. .. .	2.6
Canada .. .. .	8.5	Japan .. .. .	1.8
United States (including Alaska) .. ..	22.8	EUROPE—	
CARIBBEAN—		Czechoslovakia .. ..	0.4
Mexico .. .. .	41.7	France .. .. .	0.2
SOUTH AMERICA .. ..	10.7	Germany .. .. .	2.0
Bolivia (exports) .. ..	2.1	Italy .. .. .	0.2
Chile .. .. .	0.5	Spain .. .. .	1.0
Peru .. .. .	7.8	OCEANIA .. .. .	4.1
ASIA .. .. .	5.4	Australia and New Guinea .. .. .	3.9
Dutch East Indies .. ..	0.7		

## SULPHATE OF AMMONIA

NORTH AMERICA .. ..	18.6	EUROPE .. .. .	75.6
Canada .. .. .	0.6	Belgium .. .. .	3.5
United States .. ..	18.0	France .. .. .	5.4
ASIA .. .. .	5.5	Germany .. .. .	43.8
Japan .. .. .	5.1	Great Britain .. ..	14.7
U.S.S.R. .. .. .	0.3	Italy .. .. .	2.9

(Some producing countries of minor importance not included.)

## CYANAMIDE OF CALCIUM

NORTH AMERICA—		EUROPE— <i>continued</i>	
Canada .. .. .	12.5	Germany .. .. .	38.4
ASIA—		Italy .. .. .	4.9
Japan .. .. .	12.4	Norway .. .. .	4.6
EUROPE .. .. .	75.1	Poland .. .. .	13.0
France .. .. .	4.7		

## NATURAL PHOSPHATES

AFRICA .. .. .	52.0	U.S.S.R. .. .. .	0.6
Algeria .. .. .	8.3		
French Morocco .. ..	14.2	EUROPE .. .. .	2.4
Tunis .. .. .	27.2	France .. .. .	2.0
NORTH AMERICA—		OCEANIA .. .. .	8.0
United States .. ..	34.2	French Establishments (exports) .. ..	1.8
CARIBBEAN—		Nauru Island .. ..	3.1
Curaçao (exports) .. ..	1.0	Ocean Island (exports)	2.2
ASIA .. .. .	1.8		
Christmas Island (exports) .. ..	1.1		

(Some producing countries of minor importance not included.)

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## BASIC SLAG

EUROPE .. .. .	100.0	EUROPE— <i>continued</i>		
Belgium .. .. .	15.8	Great Britain .. .. .	11.6	
France .. .. .	25.1	Luxembourg .. .. .	10.0	
Germany .. .. .	29.0	Sarre .. .. .	5.4	

(Not including the production of North America. The figures relate to the two years 1927 and 1928.)

## SUPERPHOSPHATES OF LIME

AFRICA .. .. .	1.1	EUROPE— <i>continued</i>		
NORTH AMERICA—		Germany .. .. .	5.3	
United States .. .. .	25.5	Italy .. .. .	8.6	
ASIA—		Netherlands .. .. .	4.3	
Japan .. .. .	6.4	Spain .. .. .	6.2	
U.S.S.R. .. .. .	1.1	OCEANIA .. .. .	7.6	
EUROPE .. .. .	58.3	Australia .. .. .	5.7	
France .. .. .	15.8	New Zealand .. .. .	1.9	

(For the United States the figure relates only to the production of the fertiliser establishments.)

## POTASSIC SALTS

NORTH AMERICA—		EUROPE .. .. .	97.8	
United States (industrial production) .. .. .	2.1	France .. .. .	18.7	
ASIA—		Germany .. .. .	75.7	
India (exports) .. .. .	0.1			

## SULPHATE OF COPPER

NORTH AMERICA—		EUROPE— <i>continued</i>		
United States .. .. .	6.9	Germany .. .. .	6.6	
EUROPE .. .. .	93.1	Great Britain (exports) .. .. .	17.0	
Belgium .. .. .	7.6	Italy .. .. .	37.8	
France .. .. .	14.3			

## SULPHUR

NORTH AMERICA—		ASIA (exclusive of China) .. .. .	2.5	
United States .. .. .	83.6	EUROPE .. .. .	13.3	
SOUTH AMERICA—		Italy .. .. .	12.8	
Chile .. .. .	0.6			

## MR. DE MICHELIS' PROPOSAL FOR TRIANGULAR COLLABORATION STUDIED BY INTERNATIONAL ORGANISATIONS

*Report by the International Labour Office on Mr. De Michelis' Proposal concerning Co-operation of the Agents of Production (Land, Labour and Capital) which are not at present in use.\**

THE most explicit formulation of Mr. De Michelis' proposal, which has been expounded on a number of occasions before component bodies of the International Labour Organisation and the League of Nations, is to be found in a memorandum on "The World Crisis in relation to the Agriculture of the European States, with particular reference to Unemployment," submitted by the International Institute of Agriculture to the Third Session of the Commission of Enquiry for European Union, which was held in May 1931. The principal object of the proposal is to reduce unemployment by permitting a number of workers to settle on unexploited land, which could at the same time be developed economically by the use of available credit.

Mr. De Michelis had previously raised the question in the Permanent Unemployment Committee of the International Labour Office. In January 1931 the Governing Body of the Office approved a report from this Committee, which mentions, among the principal causes to which the depression is attributable, "the difficulties in the way of adjusting movements of population to the possibilities of exploiting the resources of the world," and recommends, among other measures, "international co-operation which will make possible the free movement and placing of men in unexploited regions capable of utilising their activity, and with a view to increasing markets."

\* International Labour Office—Permanent Migration Committee, Geneva, January 1934. Doc. C.M. March 11, 1934.

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The Commission of Enquiry for European Union first of all referred the question to an Unemployment Committee,\* which reported on it in the following terms:

"The Unemployment Committee was also instructed to study the proposal made by the International Institute of Agriculture for a better use of all the elements of production.

"It considers that the economic equilibrium of Europe would be better re-established if the surplus population which it cannot make use of could be employed for the exploitation of territories which are in a position to absorb it to good purpose. This would give free play and lend vitality to the forces which make for the economic development of the world.

"But the problem of the transfer of the surplus active population is closely related to the search for territories which are suitable for the rational settlement of groups of human beings, economically equipped for the purpose, for land development, the exploitation of the soil, the development of commerce and industry arising therefrom, and also for increasing the purchasing power of the native populations and the constitution of fresh markets for the production, not only of Europe, but of the whole world.

"Such a programme, which must depend upon international co-operation, requires the support of capital and of credits. This involves the adoption of the international policy of credits which has been proposed for other forms of economic development.

"The Committee has given its general approval to the programme referred to in the first paragraph above. Since a more exhaustive enquiry with a view to putting this programme into operation must necessarily extend beyond Europe, it suggests that the Commission of Enquiry for European Union should propose to the Council of the League

\* This Committee was composed of twelve members, six representing States Members of the Commission of Enquiry for European Union (Austria, Czechoslovakia, Denmark, Germany, Great Britain, Yugoslavia), and six being nominated by the Governing Body of the International Labour Office (the representatives of Italy and Poland, Mr. Olivetti and Mr. Vogel representing the Employers' Group, and Mr. Jouhaux and Mr. Schurch representing the Workers' Group).

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of Nations that the matter be referred for study to its competent bodies, with a view to the adoption of practical steps. For these studies it would be desirable to invite the help of the International Labour Office and the International Institute of Agriculture.”\*

This report led the Co-ordination Sub-Committee on Economic Questions to make the following remarks:

“The Sub-Committee has taken note of the suggestions made by the International Institute of Agriculture with a view to the co-operation of the various factors of production for the exploitation of territories not utilised. It agrees with the Unemployment Committee that these suggestions must inevitably, sooner or later, exceed the European horizon, and proposes that the League Council should submit them for examination by its competent organs, in concert with the Unemployment Committee.”†

These remarks were adopted without observation by the Commission of Enquiry for European Union and placed on record by the Assembly of the League of Nations with the rest of the work of that Commission.

As a result of these resolutions, preliminary enquiries into the subject were undertaken by the competent services of the three institutions concerned (Secretariat, Labour Office, Institute of Agriculture). At its extraordinary session of September 1932 the Governing Body decided to request the Secretary-General of the League of Nations to take the necessary steps to call a meeting of the Unemployment Committee of the Commission of Enquiry for European Union, so that it might discuss the questions which had already been considered at previous sessions; and thereupon the Director of the International Labour Office communicated with the Secretary-General of the League of Nations on the subject. The result of their correspondence was, on the one hand that the co-operation of the various agents of production

\* *Minutes of the Fourth Session of the Commission of Enquiry for European Union.* League of Nations Document No. C. 681, M. 287, 1931, VII, p. 57.

† *Ibid.*, p. 38.



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for the exploitation of undeveloped regions was, among the questions considered by the joint Unemployment Committee, the one which would give a further session of that body its principal practical value; but, on the other hand, that this question might be of great interest to certain non-European countries such as would welcome immigrants, and that it was desirable for its examination to be continued on a wider basis than that provided by a committee of the Commission of Enquiry for European Union.

Further, as a result of an exchange of views between the competent services of the international institutions it appeared that the most useful means of carrying on the enquiry would be to communicate with the Governments of countries possessing undeveloped land for the exploitation of which they might consider it of value to rely on international collaboration.

The Secretariat of the League of Nations therefore sent to the Economic Committee a note dated May 3, 1933, in which the following passage appeared:\*

“Of the League organs referred to in the above-mentioned resolutions, the Economic Committee is the one particularly competent to deal with these questions.

“It has thus been decided with the entire concurrence of the representatives of the International Labour Office and of the International Institute of Agriculture, which will continue to deal with the question, that the Economic Committee’s attention should be drawn to it and to the Assembly’s resolution.

“The Committee will no doubt desire to place the question on the agenda of one of its forthcoming meetings, so that an exchange of views may take place, and in particular to consider the advisability, should occasion arise, of sending a questionnaire to the countries concerned; it would have to give instructions to the Secretariat regarding the form and nature of this questionnaire, so that, if the Committee thinks fit, the Secretariat may proceed to the enquiry which appears necessary if progress is to be made in this matter.”

\* League of Nations Document No. E. 817.

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The question of the co-operation of the factors of production was consequently placed on the agenda of the Economic Committee, but has not yet been dealt with.

To pass to the International Institute of Agriculture, a special advisory meeting was held in Rome in April 1933 to prepare for the Institute's participation in the London Economic and Monetary Conference; a number of observations were formulated, some of which concern the problem under consideration and may therefore be quoted:

"The increasing gravity of rural overpopulation, with all its economic and social consequences, has two main causes—the closing of international frontiers and industrial unemployment.

"The meeting is of the opinion that these problems can only be solved by means of international collaboration. The problem of the movement of men cannot be separated from that of the movement of goods and capital, and world economic equilibrium depends on its solution.

"The meeting expresses the wish that the measures proposed by the Economic and Monetary Conference for the restoration of greater liberty of movement for capital and goods be accompanied by proposals to facilitate the movement of men, for this by itself is now a problem of the first importance. Mention has been made in this connection of the plan of co-operation between the three principal agents of production (land, labour and capital), which was originated by Mr. De Michelis, has been submitted to the Commission of Enquiry for European Union through the International Institute of Agriculture, and is now before the latter body and, jointly with it, the League of Nations and the International Labour Organisation. It is desirable that the Monetary and Economic Conference also take this plan into consideration. It deals with the preparation of international collaboration for the development of colonisation centres, in which part of the surplus rural population, now a burden on the economic systems of their countries, will be immediately enabled to start a new career more in keeping with general economic interests."\*

\* Translation made in the International Labour Office.

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The London Conference did not take action on the subject, but the problem was at least mentioned by the representative of France, Mr. Cahen-Salvador, whose reference to the matter is summarised as follows in the Conference Journal:

"The Sub-Commission recommended by the French delegation might well consider the existence of large unexploited areas capable of supporting millions of men. Big installation works, the establishment of ports, railways and canals, irrigation, drainage, electrification and other works would create fresh sources of fruitful energy for the whole world.

"The population of Europe in the last hundred years had increased threefold, while the world population had only doubled. This disproportion, which was one of the causes of the present overproduction and underconsumption, must be partially corrected by rational readjustment, a big problem which was closely associated with that of public works."\*

Almost simultaneously, at the International Labour Conference, several delegates showed the same interest in the problem—delegates both of countries of emigration (such as Mr. Jurkiewicz, representing the Polish Government, and Mr. Olivetti, representing the Italian employers) and of Argentine and Brazil (Mr. Bullrich and Mr. Bandeira de Mello respectively). All stressed the necessity for international collaboration with the object of directing free capital and unemployed labour towards the colonisation of undeveloped land.

Mr. Bullrich, Argentine Government delegate, expressed the very definite opinion that the Governing Body should "consider the utility of studying the problem of the distribution of capital and labour, in connection with the questions of migration and colonisation, so that international solutions may be reached."

Mr. Bandeira de Mello was not less explicit in his reference to the problem under consideration when he said:

"We have men without work on the one hand, and land without labourers and unplaced capital on the other. These

\* No. 30, July 14, 1933, p. 183.

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three factors in world economic and social equilibrium are unsettled, chiefly because of the lack of an intelligent understanding between the States directly concerned. Thus, to re-establish a regular system of exchange it is above all necessary to eliminate unemployment by means of methodical and rational emigration."

This was also the opinion of Mr. Jurkiewicz, who insisted on the need for a suitable international credit organisation such as could "improve the situation of the working classes in the countries of emigration, raise the standard of life in the countries of immigration, and transform men who are now a burden on undertakings into veritable owners of independent economic units—in short, it would turn them into consumers in the fullest sense of the term."

Mr. Olivetti, too, referred to the need for a re-establishment of the balance between the world's consumption and potential production, in the following words:

"Another fact which must not be forgotten is that there still exist in the world hundreds of millions of human beings whose purchasing power could be stimulated. There are whole continents whose needs are very limited at present, and whose potential consumption might be developed by a credit policy which would enable them to be exploited.

"This is the means by which increasing production in the nineteenth century was able to find markets, and this also is the method, if I may be frank, to which we must look to raise the present consuming capacity of the world to the level attained by its productive capacity and so to remove the unemployment against which we are fighting today."

\* \* \* \* \*

So far this report has described the way in which the question has been dealt with by the international institutions concerned. It will now pass to the most important features of the problem itself.

It is not easy to distinguish, in the present economic situation, between factors whose action is more or less temporary and leads to disturbances of a functional nature, and factors which affect the structure of world economy;

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but in so far as such a distinction can be made, the proposal under consideration is concerned with the second group. Thus, while plans in the monetary field are aimed mainly, though not exclusively, at bringing about a cyclical recovery and hardly at all at structural changes, Mr. De Michelis had the latter above all in mind in working out his idea.

It may be said that the scheme is ambitious—the word should not be understood in a deprecatory sense; quite the opposite—and that it is in keeping with the high hopes of rapid and far-reaching action which led to the foundation of the Commission of Enquiry for European Union. Its object, to quote from the memorandum of the Institute of Agriculture, was to “adapt the structure of the economic life of to-day to the rapid changes in production technique,” or, to follow the title of an article by Mr. De Michelis in the *International Labour Review*,\* to provide a “world programme of organic economic reconstruction.” It proposes co-ordinating the simultaneous overpopulation of certain countries and the underpopulation of others, and making an international review of the position of raw material deposits and of undeveloped land; this means facing the financial difficulties involved in the establishment of new international machinery, which would be able to alter the present distribution of population, the present exploitation of natural resources, and the relations between the two, either by facilitating the supply of raw materials to population groups without sufficient employment or by transferring part of these groups to undeveloped land. The ultimate aim of the scheme is, indeed, to increase the world’s potential economic development and the well-being of its inhabitants.

Such a plan lies by definition far outside the scope of a European Union; in fact, the Institute of Agriculture made a point of stating that “its chances of success lie in the giant scale on which it is conceived and on which it would have to be applied.” “What is wanted,” writes Mr. De Michelis elsewhere,† “is a new world economic order.” But, faced

\* November 1931.

† *International Labour Review*, November 1931, p. 501.

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with the magnitude of the task, he hastens to add, "this cannot possibly be created in a day; there can be no question of anything but a slow formation, calling for a collaboration of forces on the grand scale and the establishment of certain political conditions of tranquillity and security that do not yet exist. Nevertheless it is already possible to begin to prepare the way for these conditions in the economic field, and to work upon the factors that are in our power—that is to say, in the power of the international institutions created for the progress of mankind."

\* \* \* \* \*

In order to arrive at such a distant goal, it was necessary to draft a joint plan of action for the international institutions, taking their respective functions into account. Mr. De Michelis proposed to allot to the International Labour Office the duty of "evaluating in countries suffering from severe unemployment or severe overpopulation the volume of labour available for transference and permanent settlement abroad."\* Side by side with this there would be an enquiry "relating to the countries colonising groups might settle and the undertakings that these groups might organise. This question falls in any case within the competence of the International Labour Office, the various organisations of the League of Nations—Economic and Financial, Mandates, Transit and Communications, and Hygiene—and the International Institute of Agriculture."†

As for the financing of the undertakings, it would be necessary to create an international long- and medium-term credit institution, which would be the corner-stone of the whole edifice.

Having thought over the possibility of working out such a plan of action, the International Labour Office soon realised that the proposed evaluation of the number of persons which might take part in this vast plan for redistributing labour was not a problem of statics, for the volume of labour referred to could not be estimated once and for all by means of an

\* *International Labour Review*, p. 502.

† *Ibid.*, p. 502.

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enquiry (not, at least, on an international scale); the problem was rather one of dynamics, for the volume would be fixed by, and would vary with, the employment created by the corresponding investment of capital in the partially undeveloped lands. The Office considered, in other words, that its best course was not to discover, at the present time and purely theoretically, those unemployed for whom membership of a colonisation or industrial development scheme in some new country seemed the happiest solution from their personal point of view and from that of their country and of the world; on the contrary, the most useful thing to be done appeared to be the provision of machinery which, when the time came, would prove the best means of effectively selecting and recruiting the groups of workers required for the development of the regions in question.

The problem of the recruiting and placing of migrant workers had already been placed on the agenda of the Migration Committee, and the Office has been giving it attention, as may be seen from the report on the first item on the agenda of this session.

As regards the second point—namely, the drawing up of a list of undeveloped regions which might be used for colonisation—the Office arrived at a conclusion similar to that described in respect of the enumeration of available workers, though for different reasons. Land is the static factor in the problem, and is not affected by the dynamic forces which govern labour and credit. But land, even if not exploited, is usually not vacant but is subject to national sovereignty. And there would be little use, so far as the contemplated action is concerned, in making a huge scientific enquiry and discovering those regions which are capable of providing groups of men now out of work with employment and a satisfactory livelihood, if the consent of the States in control of these regions were not first obtained; these States would have to be asked whether they were in agreement with the proposed policy and were prepared to accept the introduction of foreign labour or foreign capital, or both, for the exploitation of their undeveloped land. Here again the conclusion was forced on

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the Office that the work before the international institutions is less one of pure scientific research (a vast study in economic geography) than one of political and economic enquiry, the object of which would be to find what territory is available, in the light of practical possibilities, for collaboration between the country owning it and a State or States with credit and labour available; such collaboration could be arranged by direct negotiations or through an international body.

Hence the idea of a questionnaire which would be sent to all States, and would ask them whether they hold territory—in the home country, in colonies, or under mandate—for the economic development of which they favoured international collaboration in the form of the establishment there of groups of foreign workers or in the form of the investment of foreign capital. As has been seen above, the idea of such a questionnaire is supported by the competent services of the Secretariat of the League of Nations, and the question has been placed on the agenda of the Economic Committee for a date not yet fixed.

If such a questionnaire were drawn up, it would naturally have to cover all the points on which the various parties concerned might desire information, particularly the guarantees and advantages offered to the workers and investors, and the safeguards with which the countries of immigration might think good to protect their own national interests. It would have to include questions on the type of work for which the land available was fitted (agriculture, stock rearing, plantations, mines, other industries); on the area of the land and its natural, hygienic and economic properties (geographical situation, climate, geological conditions, soil content, endemic diseases, state of land—virgin or already worked—communication possibilities, etc.); on its population capacity; on the amount of capital required either for a general preparation process or for the individual establishment of colonists or groups; on the conditions in which property might be acquired; on the various facilities offered to colonists, etc.

The drafting of such a questionnaire would alone suffice to justify the collaboration of the various competent inter-



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national institutions; if the draft were prepared by the Permanent Migration Committee, it could very well be submitted to the Mixed Advisory Agricultural Committee, on which representatives of the Economic Committee could be asked to sit for the occasion; if, on the other hand, the Economic Committee were to do the preliminary drafting, the Migration Committee and the International Institute of Agriculture would have to be consulted; and the procedure would be similar if the Institute were the initiating body.

But the Migration Committee will perhaps wonder whether such a procedure would not be extremely cumbrous and whether it is indeed indispensable. In order to make an experiment—for it is clear that the proposed action will begin on experimental lines and develop step by step with its own success—is it necessary to send a detailed questionnaire, drawn up with the aid of all the competent institutions referred to above, to every single State, since none can be excluded *a priori*? Surely it would be enough, so far as the undeveloped regions are concerned, to start by obtaining the support of a single State, or of a small number of States, which consider it in their own interest to make land available for international collaboration. Must a complete international enquiry be undertaken for this? A more effective policy would appear to be the summoning of an advisory conference of Government experts, including representatives from all the countries concerned, either because they hold undeveloped land or because they have a surplus of labour or capital. The object of such a conference would be to get to the heart of the problem and define the main terms of international co-operation—bilateral, trilateral, or in a wider scheme as the case might be. The Governing Body would no doubt wish to be represented at such a meeting of experts; it might delegate the Migration Committee *en bloc* or, if this were too expensive, send a smaller delegation. Next, among the experts representing Governments there will certainly be specialists in the agricultural, economic, and financial questions raised by any scheme for the colonisation and economic development of a region; and it would therefore be no doubt

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wise to invite representatives from the Financial and Economic Committees of the League and from the Institute of Agriculture, in order to make sure of the necessary international collaboration from the start. Further, since the economic exploitation and peopling of a region obviously entails public works as a preliminary or simultaneous process, there would be good reason to invite to the conference a delegation from the Committee of Enquiry on Questions relating to Public Works and National Technical Equipment of the Communications and Transit Organisation of the League. Lastly, for an analogous reason, the Migration Committee would no doubt like to have the support of the League of Nations Health Committee.

The Migration Committee will perhaps consider that such a procedure would have a double advantage over that of sending a questionnaire with the object simply of establishing what land is available for the first experimental step—the advantage of permitting a simultaneous discussion of the various factors involved (land, labour and capital), which it would no doubt be useless to consider separately; and the advantage of permitting the simultaneous presence of representatives of the various bodies whose collaboration must be obtained.

As a basis for its deliberations the conference of experts would first of all have memoranda, which the International Labour Office would be prepared to draw up, on recent schemes for the colonisation of immigrants in a number of countries—Argentina, Brazil and Palestine for instance; the experience obtained there would serve the Conference in its examination of the scheme before it. Perhaps also Governments holding undeveloped land would themselves submit definite proposals to the conference. Thirdly, the Migration Committee might suggest to the Governing Body that the Office should report on the numerous ideas recently expressed in connection with the development and peopling of certain parts of the continent of Africa.

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In conclusion, it must suffice to restate the alternatives worked out above, with a clear indication of the Office's preference—for the reasons stated—and to ask the Committee to decide.

Should an enquiry be undertaken and all Governments consulted with the object of establishing what are the regions in respect of which certain Governments would favour negotiations for international collaboration, with a view to the establishment of groups of foreign workers in the regions in question and the securing of the credits required for development? And in this case should a draft questionnaire, to be submitted to all Governments, be prepared for examination by the Committee at a future session?

*Or rather*, and this seems to be the simpler solution, and would probably be more rapid in application, should not the Committee recommend the Governing Body to instruct the International Labour Office to draw up a report concerning: (1) the results of schemes of international colonisation and the lessons to be learned from them; (2) the possibility of the economic development and peopling of certain parts of the world, particularly Africa. The report would be submitted first of all to the Migration Committee or a committee of experts appointed for that purpose, and then—with the observations of the committee in question—to the Governing Body, which would decide on subsequent action.

## SOME REFERENCES TO MR. DE MICHELIS' PROPOSAL AT INTERNATIONAL MEETINGS

WE here reproduce the text of the various references to his proposal made by the author of this volume, during the past ten years, in speeches at meetings of the League of Nations and at Labour Conferences, in which he patiently and gradually outlined it, in order that it might become more firmly impressed on the public mind and that, when put into effect, its success might be more complete.

### *Seventh Session of the International Labour Conference (1925)*

MR. DE MICHELIS: . . . With regard to emigration policy, we find at the present day excessive claims on the part of the emigration countries and excessive restrictions on the part of the countries of immigration. It is for the International Labour Organisation to harmonise these conflicting interests, and these questions can best be studied after they have been dealt with at special conferences. I hope that this Conference will shortly deal with some of the aspects of the problem of emigration.

To sum up, my Government intends to follow and to support the efforts of the International Labour Organisation both in Italy and outside. The Government intends so to organise the country that the workers are grouped in one body for the purpose of social progress. Italy as a progressive country is ready to support all the efforts to promote ratification which may be decided upon by this Conference or by the Governing Body.

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## *At the International Economic Conference (1927)*

Mr. DE MICHELIS: . . . Let us pass from the countries where unemployment is felt to a formidable extent only in agriculture to others where labour for the most essential agricultural work is absolutely insufficient. We must seek, here also, the necessary equilibrium in order to have the possibility of better utilising the productive capacities of the whole world. This calls universal attention to another problem of the greatest importance: that of a more even distribution of labour over the available and utilised lands, for the purpose of transforming them into a source of prosperity and well-being for mankind. These two problems are naturally linked with that of the efforts to control the prices and distribution of raw materials, which many orators and particularly M. Shidacki have advocated with a view to obtaining an even distribution. It is a hopeful sign that, following upon the constant efforts made in this sense for many years by the Italian delegations, both in the League of Nations and in the International Labour Office, this fundamental problem should have again received such ample and authoritative approval.

## *Tenth Session of the International Labour Conference (1927)*

Mr. DE MICHELIS: . . . I would draw attention to the international possibilities of labour, as being an important question for study, since it may help to bring about some equilibrium between production and consumption. We must deal with the two questions of the distribution of raw materials and the international settlement of labour. The policy of the "closed door" has very unfortunate consequences, but the policy of the "open door" will not by itself solve the problem. It is necessary to export capital to countries with undeveloped natural resources and thus, by bringing together land, capital and labour, bring about a better economic equilibrium

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throughout the world. In this way we shall do something to solve the problem of unemployment and to help those who already possess the land and those who are desirous of developing it.

### *Fourteenth Session of the International Labour Conference (1930)*

Mr. DE MICHELIS: . . . I would say that we need courage and energy to overcome the difficulties. We must keep our eyes on the ideals before us. The crisis will doubtless pass, but none of us knows when. What we can be certain of is that constant collaboration is required. Unfortunately, mutual confidence is not so complete as we could wish; there is still fear in the world. This is not a case of competition in the sphere of progress, of which we would approve, but competition for national progress. It is not a question of working solely for the benefits of individuals, but for the well-being of nations as a whole. We must do away with the great economic disparities between different peoples. Social justice and economic justice must go hand in hand. May I be permitted, as Italian delegate, to say after ten years that the aspirations for greater economic justice among peoples is the surest guarantee for the improvement of social conditions throughout the world?

### *At the Eleventh Session of the Assembly of the League of Nations (1930)*

Mr. DE MICHELIS: . . . The organising action of which I speak will have two aspects: it will be negative, in the sense that it will prevent abuses; it will be positive, guiding the efforts of each and co-ordinating them in the common interest. It will thus be able to regulate the great questions which dominate economic life.

Of the distribution of raw materials, the migrations of labour, the distribution of the capital necessary for produc-

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tion, what will be considered to be necessary for the good of all?

The States would be well advised if they would endeavour to regulate in common the use of these three factors of all economic life: land, capital and labour. These factors must be distributed and combined on the international plane in order to attain the maximum return. I have had occasion to set forth this idea at the Labour Conference, explaining that it would be a case of collaboration with a view to rendering fertile the sparsely populated lands by the employment of available capital and of labour drawn from territories too densely populated (triangular collaboration).

\* \* \* \* \*

But it is necessary that this effort of collaboration, if it is made, should conform to the fundamental rule of every policy of reorganisation: that of the most absolute equality in opposition to the principles of privileges and of monopoly; the rule, in short, of the "open door" for all men of goodwill both in territories under direct or indirect dominion and in any sphere of influence.

\* \* \* \* \*

"It is necessary to restore equilibrium," the Minister Flandin said yesterday in his eloquent address. "It may even be," he added, in accordance with a conception which he called somewhat revolutionary, "by having recourse to a new distribution of gold."

I would go further than our eminent colleague and add, in accordance with a conception rather more revolutionary than his: "to restore equilibrium by a new distribution of land," of the great, immense land which lies abandoned and unfruitful in the vain expectation of those who can bring forth from it wealth for the well-being of all by the strength of their hands and of their intelligence.

## *Appendix*

*From the Report of M. Albert Thomas to the Sixteenth Session of the International Labour Conference (1932)—the last Report presented by that great Director—we will reproduce the passages which refer to our proposal*

People who pride themselves on taking a realistic view will no doubt regard this scheme as another piece of mere Utopianism. Mr. De Michelis, however, has never claimed that the new organisation of world economy which he proposes could be expected to provide an immediate remedy for the present depression. Only in the future, he says, could such reorganisation achieve its fundamental object, which is to prevent serious depressions and serious unemployment for the future. Neither does he suppose that even then any kind of economic disturbance could be permanently eliminated. He does not ask that a detailed scheme for utilising all land throughout the world should be established immediately. All he suggests is that the competent bodies should begin to study the question. In particular, he points out that the International Labour Office is specially well qualified for preparing figures of those workers, both rank and file and technical and managerial experts, who might be transferred. He asks that an attempt should be made to find out which of the unemployed have little chance of obtaining employment where they are: he calls such unemployed persons "those who have been demobilised by technical evolution and rationalisation." It would be for other organisations of the League of Nations to find out what land is available, how the scheme could be financed, and what would be "the principles and legal forms of integral international co-operation."

In the Office's view the present value of this scheme and of the other more limited schemes which were mentioned above is the influence which they are likely to have in stimulating opinion and creating a psychological atmosphere. What was Utopian yesterday often becomes the accom-



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plished fact of to-morrow, and can, moreover, provide a great impetus to action in the meanwhile.

When Saint-Simon, a hundred years ago, outlined a scheme for a European Federation and mentioned a joint programme of great public works as one of the means of holding the Federation together he was, of course, putting forward purely Utopian ideas. Those of his disciples, such as *Enfantin*, *Péreire* and *de Lesseps*, who planned great schemes for international means of communication, either in France or throughout the world, were probably also regarded as Utopians. And yet who can deny that these Utopian schemes, which are now accomplished facts, not merely stimulated the courage of the great captains of industry of the nineteenth century, but also captured public opinion, called forth new activities and mobilised capital? No practical work on a large scale can be begun without some element of Utopianism.

The current of opinion which is now being set in motion will be of undoubted utility not merely in causing fresh investigations to be undertaken, but in ensuring that the definite and limited work entrusted to the League of Nations Committee of Enquiry is completed down to the last detail.

The same report says further: For the present the only course of action open to the International Labour Organisation is to carry on and complete its work for the protection of the workers which at first almost seemed to be the only task within its competence, and at the same time give careful attention to examining the various movements of migration. But such examination must be undertaken still more from the standpoint of world economy than from the close standpoint of unemployment. It would appear to be impossible nowadays to isolate the phenomenon of migration: it must be treated as a factor, closely bound up with others, of economic recovery. The movements of human beings can no longer be changed unless the movements of capital and goods are changed simultaneously. To create a revival of migration two lines of action should be pursued: existing elements should be made use of, in the light of past experience and the traditional currents of migration, but new methods should also be adopted in order to respond to new economic and social needs.

## VIII

### EXTENT OF COLONISABLE LAND IN VARIOUS COUNTRIES

THE following notes have the object of supplying data on the possibilities of colonisation and exploitation offered by many regions that are rich in resources, fertility and opportunities for the employment of vast numbers of immigrants.

These resources, which cannot be realised without human labour, have been, so to say, amassed by a provident Nature in areas only partly known, in some cases half unknown, in many others wholly unknown, as in Colombia, Ecuador, Bolivia, Peru and Brazil. Such lands, which only await the labour of man and the impulse of modern machinery to be transformed into highly productive regions, constitute new fields of exploitation for our own and subsequent generations.

The following brief survey covers the colonisable territories of Asia, Africa, the Americas and Oceania. It is the object to give a synthetic picture of the wealth and opportunities that they offer. Their exploitation and their future depend on human abilities.

#### *Asia*

In this vast continent the problem of colonisation and exploitation presents quite special characters. In fact, alongside countries with the highest population densities are others almost uninhabited but rich in mineral resources and agricultural possibilities. The problem may therefore be regarded as one of equal distribution of the existing population rather than colonisation by immigration.

The great territory of *Asiatic Russia* and *Siberia* forms a problem in itself which will be solved only in a not immediate future when the natural difficulties and the lack of a systematic programme of colonisation and exploitation will be met by the adoption of suitable schemes of colonisation. It is obvious

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that for the necessary operations in this vast region there must be employed predominantly northern stocks, well acclimatised and resistant to the particularly hard conditions of life.

For *Mongolia* and *Manchuria* the only suitable coloniser seems to be the Chinese. In the occupation of *Manchuria* the Japanese have shown little adaptability to the climate of the territory that has come into their possession. Even the army of occupation, through insufficient resistance to these adverse climatic conditions and consequent mortality, has to be continually renewed.

The enormous territories of *India* and *Western Asia* (Anatolia, Persia, Afghanistan and coastal Arabia) ought to be considered as a field of development not only for the better distribution of the native population, but for colonisation by non-Asiatic elements. *Afghanistan* and *Persia*, only to mention these very important countries, offer a wide field of opportunity for both agriculture and mining, and where modern means of life have only recently begun to penetrate there should certainly be the possibility of employing a by no means inconsiderable number of organisers and technicians and a large number of manual workers. It should not, however, be ignored that the question is here intimately linked to the improvement of sanitary conditions.

In *China* and *Japan*, on the other hand, the groups of population to be settled cannot be other than strictly Asiatic. The greater factor that characterises the production of these two countries is the natural resources of the land.

In *Siam* many specialists could find a suitable sphere of activity.

Rich in forests that cover a great part of its territory, the country has a highly developed timber industry. It must, however, be noted that as regards this industry, as the similar one of rubber, of which there are extensive plantations, and the exploitation of the mines, which is a profitable one, *Siam* is almost entirely in the hands of the British.

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### Africa

An examination based on the actual situation of white colonisation in Africa permits of conclusions very favourable to the theory held by many that this continent offers a field of exploitation for great numbers of immigrants. The present density of five inhabitants per square kilometre in comparison with the possible figure of eighteen is in itself eloquent. The possibilities are unlimited, even though much has still to be done to create conditions favourable to immigration. Africa will certainly become the natural complement of Europe should the latter, with the emancipation of America and Asia, lose the markets of Latin America to the United States and those of the Far East to Japan.\*

Let us examine in greater detail the question of its colonisation.

The territories of *French North Africa* (Tunisia, Algeria and Morocco) comprise in all 2,741,474 square kilometres or 274 million hectares, of which 32 million are cultivable,† giving subsistence to 12 million natives and over a million Europeans. These territories are open to agricultural exploitation and to an all-embracing activity on the part of the European element. The system of cultivation itself under the impulse of white colonists tends to become uniform with the present-day use of machinery.

In Tunisia immigration is at present regulated by the Decree of February 20, 1930, which obliges foreign immigrants to be furnished with a labour contract viséd by the Tunisian Department of Agriculture, Commerce and Colonisation. The Labour Office collects all the demands and offers and superintends the placing of both French and foreign labour, particularly in agriculture and in industry.

Algeria at present is preoccupied with the emigration of

\* R. N. Coudenhove Kalergi, *Panuropa*, "l'Afrique," Nos. 1-3 and after.

† The cultivable area of Morocco is from 15 to 18 million hectares, that of Algeria from 10 to 12 million, that of Tunisia from 4 to 5 million.

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Algerian labour to France, despite the fact that the country itself offers ample possibilities for labour in all spheres.

*Lybia* comprises the two colonies of *Tripolitania* and *Cyrenaica*, with a total of 1,650,000 square kilometres and 720,000 inhabitants, which means a density of 0·4.

As regards the possibility of colonising Lybian territory there is no lack of lengthy discussions, but experience has demonstrated that these colonies are suited to large immigration and comprehensive exploitation. To exemplify this in figures it may be said that between 1914 and 1922 there were conceded 3,612 hectares of domain and private lands, while in 1931 a total of 1,331,880 hectares was conceded and 90 million lire were expended on agricultural works, involving the rural settlement of almost 3,000 Italian colonists.

As regards *Cyrenaica* it may be emphasised that the Governing Council of the Institute for the Colonisation of *Cyrenaica* undertakes the task from which it takes its name and for which it was created. It takes upon itself all the duties of a concessionaire with respect to the State and all the rights that the State grants to concessionaires, commencing with that of taxation. The Institute is charged with the distribution of the land amongst families from Italy, and the furnishing of the latter with the means of carrying on their holdings. These families gradually, according to their capacities, buy the land conceded to them, so becoming owners.

*French West Africa*, with an area of 4,659,708 sq. km. and a population of 14,575,973 (density 3·1), does not entirely lend itself to white colonisation, but there is no doubt that in Senegal, Guinea, and the French Sudan such colonists may usefully be added to the native population, rendering fruitful lands that are at present only partly exploited.

In *East Africa*, Italian Eritrea, which has 621,000 inhabitants and an area of 119,000 sq. km. (density 5·2), offers a wide field for agricultural exploitation, not only on the lowlands and coastal plain but on the plateau, where the rains and the very cool temperature are notable factors favouring good colonisation.

*British Somaliland* has a population of 345,000 and an area

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of 176,100 sq. km. (density 2). The possibilities of large agricultural development and therefore of white colonisation are very considerable. *Italian Somaliland* comprises 600,000 sq. km. and has 990,815 inhabitants (density 1·7). The territory is especially suited to agriculture and stock-breeding, and, while there is greater agricultural development along the Webi Shebeli and the Juba, pasture land is still absolutely predominant in the north.

*British East Africa* (Kenya, Uganda and Tanganyika) embraces a vast territory comprised in the tropical zone, in which the pressing necessity of labour offers great opportunities for a white population, especially on the plateaux of the Great Lakes. The available labour is at present in overwhelming mass native. The European population may be placed at about 30,000 inhabitants. The greater number of them, almost 13,000, are in Kenya. Along with the white immigration there has been a notable influx of Indians, who number about 75,000, of whom 30,000 are in Kenya and 20,000 in Tanganyika. Another element in the population is the Arab, but it is less important because its total of 35,000 is concentrated in Zanzibar and the ports.

Of the three territories that constitute the region called British East Africa, Uganda, with its area of 243,930 sq. km. and population of 3,515,000 (density 14·5), cannot, owing to its climate, be considered suitable for European colonisation. The resources of the country are, however, noteworthy, and can be exploited by the natives under European direction. In Kenya and Tanganyika, on the other hand, white settlement is secure. Kenya has an area of 582,374 sq. km. and a population of 20,000 (density 5·2); its land is of great fertility. So far the white settlers are entirely British, but there are many Indians, who devote themselves to trade and industry, the purchase of agricultural land on the plateaux being forbidden to them. Tanganyika, with its population of 5,063,660 and area of 968,862 sq. km., is administered by Great Britain in virtue of the mandate conferred by the League of Nations in 1922. The possibilities of colonisation are ample owing to the fertility of the soil and the favourable

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climate. Agricultural production, still in an early stage, furnishes raw material for British industry, such as sisal for ropes, cotton, and so on. In addition there are supplies of coffee and coco-nuts, to mention only the principal, and mineral production is considerable.

Of the remaining parts of East Africa the Portuguese colony of Mozambique (area 1,108,000 sq. km., population 3,120,000, density 3) is at present in the hands of two companies, which reserve the exploitation almost exclusively to Portuguese colonists, while the Province of the same name is administered by the State.

*Madagascar*, separated from the south-east coast of Africa by the Mozambique channel, has an area of about 771,547 sq. km. with a population of over 3½ millions (density 5). The island is excellently adapted to agricultural development, and the lands at the disposal of the French Government for sale to private persons or to companies are still extensive. Madagascar has also large mineral resources, amongst which are gold, precious stones, mica and phosphates.

In *South-west Africa* the German and Dutch colonists who, together with the Portuguese, undertook the exploitation of Angola form a very small proportion to the potential population especially in the uplands and in the long line of valleys that extends northward. Angola has a population of 2½ millions on an area of 1,259,252 sq. km., and, with its mild temperatures and abundant water, offers an easy life for the white settler. Only the Germans have since the war taken this territory with its favourable conditions of life into sufficient account, and they are still immigrating and establishing themselves firmly.

In the *Union of South Africa*, the British dominion comprises the Cape Province, the Transvaal, Natal and the Orange Free State with a total area of 1,226,264 sq. km. and 8 million inhabitants (density 6·5); the climate and the variety of production make this territory one of the most suited to white settlement. The most well-known resources are of course mineral, but the very great importance of the agricultural production should not be forgotten, especially in

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regard to the areas on the borders of Southern Rhodesia. John H. Wellington states that almost 3 million hectares still unexploited, comprising about six hundred farms, are still in the hands of the Companies.\*

It may be said that at present the agricultural problem in South Africa tends to be greater than that of the mining industry. The labour employed in agricultural and pastoral development is exclusively of native and colonial origin. The European element on the other hand finds its field of activity in the industrial districts, in supervision, management and control of factories, and the like. There remains, however, as an obstacle to any influx of foreign elements the preference to Anglo-Saxon or Dutch labour in this dominion, which is very jealous of its ethnic compactness. This was demonstrated by the law of March 1931 contemplating restrictions on the immigration of foreigners from certain countries.

### North America

*United States.*—The population of the United States is 124,070,000, of whom 45,643,093 immigrated between 1850 and 1930, and the area is 7,839,432 sq. km. (density 15·8). While these figures are in themselves sufficiently eloquent, we are forced, if we judge from the economic *malaise* and from the restrictive measures that have not only stopped all forms of immigration but forced many workers to leave the country, to the conclusion that the United States has reached saturation point demographically. This, however, is not the truth.

According to American authorities themselves, and here may be cited Isaiah Bowman in *The Pioneer Fringe* (American Geographical Society of New York, 1931), the western part of the territory is still almost entirely unexploited and vast areas are ready for cultivation as soon as means of transport link them to the markets. In these regions thousands and

\* See *Pioneer Settlement: Co-operative Studies*. American Geographical Society, New York, p. 146.



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thousands of settlers might establish themselves to bring into production lands ready for the plough and easily accessible.

The apparent contradiction between the existence of areas still to be settled and the economic difficulties at present afflicting the United States can be explained when certain considerations are taken into account. In the first place there is the change in character of the United States from an agricultural to an industrial nation, for which modern technique in industry and commerce has led not only to an influx into the urban areas but the virtual abandonment of many out-of-the-way areas. To this may be added the fact that in the United States there is a marked tendency to consider as a disadvantage the excess of arable land.

In this respect Goodman, President of the Land Utilisation Committee of the State of Wisconsin, writes that in the United States there is much more land available than can be utilised for agricultural purposes in a very remote future. The farmers are adopting intensive methods. They use less land to produce a larger quantity of crops, and this larger quantity is not only sufficient for internal needs but leaves an ample margin for export. *Notwithstanding that there is more land than can be utilised it is not considered that any very serious difficulty will arise therefrom.*

Given these premises it is not surprising that a situation is reached in which there are 10 million unemployed, and a state of economic dissolution has for three years pervaded a continent that abounds in natural resources but lacks sufficient population.

*Canada.*—Canada has a prevalently agricultural economy and possibilities that are not yet very well defined. It has a population of 10,376,786 and an area of 9,557,034 sq. km. (density 1.1). The colonising impulse has been continuously felt, though hindered in the earlier years by the Hudson's Bay Company, which for a long time had the monopoly of the northern territories. The first settlement was achieved by stock-rearers on the prairies and by woodcutters in the forests, but the land was in the beginning not sufficiently valorised, since the former did not concern themselves with

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the establishment of permanent centres and the latter did not cultivate the lands they deforested. Gradually the construction of railways, the intervention of the Government and the decline of the fur trade, together with other factors, led to the Government's occupation of vast territories that were proclaimed public domains.

In the great sub-Arctic zone, comprising the North-west Territory, only the southern limits, some small tracts along the Mackenzie and Slave Rivers, and the southern shores of the Great Slave Lake are suitable for the cultivation of cereals, hay, potatoes and vegetables once communications are provided and the certainly not light expenses of a first working of the soil are undertaken. Settlement, if necessity drives, may in the distant future be pushed forward to the limits of the Arctic circle, where it has been possible to grow a specialised variety of wheat.

To have an idea of the promise held out by the Canadian North-west it is sufficient to bear in mind that the territory between the Province of Manitoba and the Rocky Mountains comprises 77 million hectares of cultivable land, of which 47 million are totally unexploited. On this territory live about 200,000 persons. These data are derived from the 1931 statistics. Other Canadian statistics show that in the Maritime Provinces on 8 million hectares of cultivable land little more than 4 million obtain a living, while in the Prairies Provinces, which comprise 87 million hectares of land suited for crops, 35 million are now cultivated and 20 million are being brought into use.

In Canada, as in all the British dominions, the policy of giving absolute preference to British immigrants prevails, these being given various facilities, such as fares at reduced rates for adults and free for adolescents, assistance in the acquisition of land, credits for establishing farms and technical advice in the first period of settlement. This policy has not, however, given good results, while restriction upon restriction has been placed in the way of immigrants from the Continent of Europe. Recently the Minister of Immigration and Colonisation announced that only trial settlers with their families,

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satisfying certain conditions, including the possession of adequate capital to meet the initial expenses of settlement, would find an opening in Canada.

*Newfoundland* now includes in its territory Labrador. It has an area of 111,000 sq. km. and a population of 263,000 (density 2·3), and offers for exploitation 36,000 hectares of cultivable land and over a million hectares of almost virgin forest. The rather unfavourable climate is, however, an obstacle to large-scale settlement. There is much scope for labour in the iron mines, the timber industry and the fisheries.

The United States territory of *Alaska* (area 1,518,700 sq. km., population 60,000, density 0·04) offers 12,140,000 hectares suitable for agricultural exploitation, of which only 3,571 were actually cultivated in 1930.\* According to Georgeson, the climate is in nowise ill-suited for agriculture, especially in the central section of the Southern Pacific coast and in the interior, where early wheat ripens, as well as oats, barley and potatoes. Nevertheless, the settler desirous of establishing himself in Alaska must have the special qualifications necessary for a severely cold climate.

*Mexico* (area 1,969,154 sq. km., population 19,404,000, density 8·3).—The territory of Mexico stretches over a wide range of latitude and has a great variety of climates. It may in general be said that the country would be very suitable for colonisation owing to its mineral and agricultural resources. Unfavourable factors are, however, in the first place the competition of coloured labour, which is largely employed in agriculture, mining and other industry; then the policy of the country, which does not offer to the foreigner, and particularly to the poor immigrant, satisfactory conditions. The federal colonisation law of 1926 may be cited as example; it requires from settlers a variety of physical and intellectual capacities and cedes land only on payment of a suitable deposit into the National Bank of Credit.

Owing to unemployment, immigration into Mexico was

\* C. C. Georgeson in *Pioneer Settlement*. American Geographical Society, New York, 1932.

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prohibited in 1929 except for technicians and professional men with a capital of at least 5,000 pesos. Notwithstanding this policy 620 Russian families were recently authorised to enter Mexico for agricultural work.

### *The West Indies*

*Larger Antilles.*—The territories known as the Larger Antilles comprise chiefly the Republics of Cuba, Haiti, and San Domingo, having in all 195,319 sq. km. and a population of 7,462,346, with a density of 38 per sq. km.

The economy of these islands is based especially on coffee and cane-sugar, but there are also mineral deposits, which may be worked after the necessary investigations have been carried out.

That part of the island of Haiti belonging to the Dominican Republic is the more highly valorised and populated. Agriculture is there at present limited to two-thirds of the total area. In the uncultivated zone the land, which is covered with a luxurious vegetation, appears to be everywhere fertile. The water resources of the country might supply power to a variety of industries, and the Government is disposed to assist capitalists willing to devote their resources to the expansion of industry by means of special customs concessions for the import of machinery and raw materials.

According to the Cuban law on immigration, the State guarantees foreign immigrants settling in that country under regular contract the reimbursement of the cost of the voyage and a piece of ground varying from 6 to 14 hectares, in addition to a furnished house and draught animals. During the first six months of residence the settler receives an anticipatory payment of a sum proportional to the number of his family, a sum that he must repay within ten years without interest beginning with the second year of residence. The Dominican law of 1927 makes a free grant of land to immigrants without adequate means, with certain conditions to ensure its exploitation.

*British West Indies.*—These comprise Bahama, Barbados,

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Jamaica and its dependencies, the Windwards and Trinidad and Tobago, in all 32,375 sq. km., with a population of 1,902,000. All these islands are still far from being adequately populated and exploited. They offer an undoubted field for white colonisation, despite the presence in generally large numbers of a negro population. The islands have a prevalently agricultural character, but do not lack mineral resources, in particular petroleum. Of great importance is also the production of asphalt.

### *Central America*

This area includes the following six Republics: Guatemala, Honduras, Salvador, Nicaragua, Costa Rica and Panama. They occupy in all 505,950 sq. km., and have a population of over 6 millions, equivalent to 15·3 per sq. km.

It may be said on the whole that the area offers notable possibilities for colonisation, especially if health conditions were improved, the jungle cleared and communications opened up. The parts of the territory most suitable for colonisation are those along the coast, particularly on the Pacific side, where coffee, bananas and sugar-cane may be grown. The land is of great natural fertility, and in the forest there are abundant high-value timbers, valuable resins, medicinal roots and dyeing bark. There are also large deposits of gold, silver, platinum, copper, iron, lead, nickel, cinnabar, manganese and coal still awaiting exploitation.

The various Governments have given and still give facilities in the laws relating to immigration and settlement for the transportation of immigrants and their acquisition of land. Amongst the most recent currents of migration is one into Honduras of a thousand Rumanian peasant families from Transylvania, and another into Panama of a thousand families of Albanian, Armenian and Greek peasants.

### *South America*

South America has a total area of 18,465,637 sq. km. and a population of 84,536,119. "No part of the world," writes

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Gaetano Librando, "has such great natural resources as Latin America. Inexhaustible deposits of petroleum and of precious metals; majestic rivers; vast forests; immense prairies that would pasture millions of cattle and sheep; boundless fields that can produce an infinite wealth of crops; majestic mountains that are stores of incalculable mineral riches."\*

A demographic survey of the continent shows the sparseness of the population; while there exist thickly populated centres, the average density is only 4·7 per sq. km., only a little greater than that of Africa. In South America, where there are boundless possibilities for colonisation, the same phenomenon is met with as in the United States; namely, the concentration of the population in small areas of relatively high economic value, while the capacities of other areas if made available to adaptable and possibly more enterprising labour are ignored.

In all there are here millions of hectares in reserve for mankind, not only in the more well-known Gran Chaco of Argentina and the Matto Grosso of Brazil, but in Colombia, Ecuador, Peru, Bolivia and the eastern slopes of Andes.

*Venezuela.*—Population 3,226,149, area 1,020,400 (density 3·2). Given its natural resources, this territory offers very great possibilities for white colonisation. The principal source of wealth is agriculture. The crops that offer the largest profits are coffee, tobacco and rubber, the latter covering over 30,000 hectares. It must, however, be borne in mind that these crops, and particularly coffee and cocoa, do not give any outturn for the first three years, and that for their exploitation considerable capital is required.

The zone adapted to cultivation, still only to a very small degree exploited, extends in Venezuela to about 500,000 sq. km., from the north of the Orinoco to the frontiers of Colombia, from the Caribbean in the north to the banks of the Orinoco in the south. The western part of Venezuela, the Andean region, might be the objective of Italian immigration, owing to its physical conditions which resemble the hill

\* *America Latina*, vol. i, p. 16.

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regions of Italy.\* There are large deposits of gold, silver, platinum, diamonds, copper, zinc, iron, petroleum, etc.

The immigration law of 1918 regulates colonisation in detail, establishing the payment of the settlers' voyage, the gift of 25 hectares to each and 10 hectares for every male child of more than ten years of age, besides other similar concessions.

*British, Netherland and French Guiana* comprise in all 460,000 sq. km., and have a population of 512,000 (density 1.1). The territory suitable for settlement is confined to the coastlands and the banks of the rivers. The principal agricultural products are sugar, coffee, cacao and rubber; the principal minerals are gold and bauxite.

*Brazil.*—There is an extensive literature devoted to this vast country, the largest and richest of Latin America, and possessing a luxuriance of tropical vegetation. Its population is 41,477,000 and its area 8,511,189 sq. km. (density 4.9). No other country in the world possesses such an extent of available land.

"Agriculture is the basis of the present and future economy of the country," writes Gaetano Librando. "According to the last agricultural census (1920) private landed property amounts to about 20.6 per cent of the national territory, namely 175,104,675 hectares, while the area not surveyed is 676,014,225 hectares. The cultivated area is only 6,642,057 hectares, but the productive area, including bush and forest, reaches, according to the census, 55,558,710 hectares, or 6.5 per cent of the national territory. The greatest part of the uncultivated land is in the States of Minas Gereas, Goyaz, Matto Grosso and Rio Grande do Sul."†

According to Whitbeck, one of the most striking geographic characteristics of Brazil is the enormous extension of undeveloped land. Eighty per cent of the available territory is in no way suited for agriculture. The 20 per cent utilised comprises 650,000 farms, and is ten times the size of Great Britain.‡

\* *Le Vie d'Italia e dell'America Latina*, May 1931, pp. 458-459.

† Librando: *America Latina*, vol. ii, p. 33.

‡ Whitbeck: *Economic Geography of South America*, p. 307.

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In these circumstances the policy of Brazil favours immigration for the purpose of supplying agriculture with the necessary labour. Numerous facilities are offered to foreign immigrants.

First amongst the American countries Brazil made treaties with European countries regarding immigration. There are, for example, the agreements with Italy in 1921 and Poland in 1927. With reference to the latter agreement, the Brazilian Government guaranteed to the Colonisation Company of Warsaw 100,000 hectares of land in the State of Parana and the same amount in the State of Spirito Santo for the settlement of Polish immigrants and their families. The settlers each received a lot of 25 hectares, at 4,000 zloty. Board and lodging were also assured until the settlers themselves could build houses and obtain their first crop. Several States of Brazil are still more liberal in their policy. The State of São Paulo attracts immigrants by its constant offer of work on the coffee *fazendas*, reimbursing the expenses of the journey, and increasing measures of protection. All the other States model their policy more or less on it.

*Uruguay.*—Uruguay has an area of 186,926 sq. km. and a population of 1,903,083 (density 9.2). Its wealth lies in the natural fertility of its soil and in its extensive pastures of nutritive grasses. Less than 5 per cent of the territory is cultivated,\* and the very sparse population is inadequate for its development. The country places no limitations on the rights of foreign immigrants in its territory save as regards the employment of foreign labour in Uruguayan enterprises, which is fixed at 40 per cent.

*Argentina.*—Argentina, including federal districts and national territories, has an area of 282,983,942 hectares, of which 101,170,000 are suitable for agriculture, while the same extent is suitable for livestock, and 38,942,356 consist of bush, lakes, rivers or arid areas. As regards both agriculture and minerals its natural riches are scarcely touched. Deposits of petroleum, metalliferous minerals and coal outcrop in all parts of the Republic. It is obvious that the lack of even a

\* Whitbeck: *Economic Geography of South America*, p. 285.



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distantly adequate population (11,658,717, or 4·2 per sq. km.) keeps the country in a backward condition as regards means of transport, routes of communication and the intensification of agriculture in the areas already under cultivation.

The great disproportion between the vastness of the territory and the population, which is not even well distributed (being plentiful in the North and sparse in the South), has led the Government to adopt a policy of immigration and settlement that offers to the numerous immigrants advantages similar to those already mentioned. The agreements recently made with the Commission for Russian and Armenian refugees and with the Jewish Colonisation Society for the systematisation of Jewish immigration are evidence of this position.

The world crisis has led in Argentina to the restrictions on immigration. This policy must be considered as transitory and merely to meet the problem of unemployment.

So far we have discussed only the countries on the Atlantic side. The situation in the Pacific countries will now be briefly examined.

*Colombia.*—The national territory amounts to 1,150,220 square kilometres, with a population in 1930 of 7,851,000, or 6·9 to the square kilometre. The country possesses in many parts a soil and other conditions very suitable for cultivation of certain crops, such as rice, cocoa, sugar-cane and maize, especially in the Orinoco and Arauca valleys, and in the department of Antioquia, but is still undeveloped owing to transport and other problems of communication. Gold deposits are very numerous.

For its own part the Government is endeavouring by various means to attract immigration by offers of work with free housing in the first five days, exemptions from the payment of taxes or customs duties and concessions of 25 hectares per person; but despite these facilities settlement in Colombia without capital is not encouraged. Meantime the capacities of the labour market are limited to specialised trades, such as chemists, geologists, electrotechnicians and entrepreneurs.

*Ecuador.*—Ecuador has an area of 451,180 sq. km., a

## Appendix

population of  $2\frac{1}{2}$  millions and a density of 4.4. It does not offer scope for white population to any great extent, though the present population is sparse and scattered in small centres very far from each other. There are, however, zones along the eastern chain of the Andes where an increase of agricultural production is dependent on the existence of means of communication. Excellent crops of coffee, cotton, etc., are obtainable.

Mineral exploration has not yet been completely carried out. At present there are extracted in varying extent gold, silver, copper, lead, zinc, petroleum. Settlement is greatly favoured by the Government. It may be recalled here for emphasis that the Italian Company for Ecuador, constituted in 1921, was guaranteed, amongst other things, the concession of vast areas of domain lands, the so-called *baldios*, as well as the right of expropriation of private lands to be subdivided into holdings of various size and conceded in part to individuals and in part to agricultural companies. By a decree of 1926 a large territory between the Rio Blanco, the Rio Guayblamba, and the Provinces of Pichinca and Esmeraldas was set aside for colonisation. Every agriculturist or colonist, foreign or native, can acquire 50 hectares in this area by payment in cash or by credit.

*Peru.*—The country has a population of 6,147,000 and an area of 1,378,360 sq. km. (density 4.5). The character of the country is such that the main development from the agricultural point of view has been in the coastal valleys, which offer the advantage of easy access to the seaports. Real development has not, however, occurred owing to the lack of good roads and the deficiency of irrigation. The primitive methods of cultivation do not allow the full resources of the country to be realised (cotton, sugar-cane, maize, barley and, to a less extent, vines and wheat), though in the coastal belt the production of sugar and cotton has given very favourable results. The mineral wealth is impressive, consisting of petroleum, copper, silver, lead, gold, zinc, vanadium. Mean-time only the northern and central districts are exploited, while the south, which possesses incalculable reserves of

## *World Reorganisation on Corporative Lines*

mineral wealth, remains to be worked by future generations.

The Ministerial Department of Immigration, Colonisation and Mountain Lands regulates the concessions of land and the subsidies to foreign immigrants. In 1927 there were conceded 2 million hectares for colonisation in the mountain and plateau zones. Subsequently, in 1928, 3,000 immigrant families were introduced into the districts traversed by the River Satipo, where it is hoped to develop coffee. In 1929 the regions of Palcazu and Pachiton were declared zones of colonisation, and the construction of important railways was provided for. The recent establishment of Russian settlers in Marcapata and Satipo is to be noted; the agreement with Poland for the diversion of a branch of Polish emigration to the region of the Rio Timbo and the similar agreement with Austria for the introduction of 3,000 Austrian families, making a total of 12,000 persons, may be mentioned.

*Chile.*—Population 4,350,617 and area 1,150,220 sq. km. (density 5·4). This is one of the least exploited countries of South America. There is a predominance of large estates, and the population tends to gather in the urban centres. The central area of 23,891,520 hectares is most suitable for agricultural settlement. The mineral resources of gold, silver, copper, iron, borax, coal and saltpetre are still almost entirely awaiting development. On the other hand, the deficiency of capital and of specialised labour, with managerial and technical elements, prevents the attainment by these industries of the prosperity that would be natural in a country where the richness of natural raw materials and the smallness of wages would permit serious competition with European industries.

By a decree law of 1925 the Government, following a new survey of the domain lands, recovered a certain number of lots, which it reserves for sale, lease or concession to settlers, whether national or foreign.

*Bolivia.*—Of the countries of the interior, Bolivia is one of those between the coast and the Andes where prospects of settlement are most encouraging. The country has a population of 3,464,945 on an area of 1,332,808 sq. km.

## *Appendix*

(density 2·6). At present its agriculture is very backward. The Government possesses lands of over 300,000 hectares that offer a vast field of settlement. The mineral industry is highly developed. Amongst the metals of greater importance, tin, silver, lead, copper, zinc, antimony and bismuth are noteworthy.

The Immigration Office of the Ministry for Colonisation grants to foreign immigrants the concessions given under the law of 1929, namely, free journey, exemption from customs taxes, the concession of 50 hectares of land, and other advantages.

*Paraguay.*—The country is 418,722 sq. km. in area and has a population of 851,564 (density 2). There is a large area open to settlement in the near future, its general conditions, less attractive than those of the neighbouring countries, having hindered large-scale colonisation. On the whole, however, the land is suitable for agriculture, and in part for pasture and the rearing of cattle. The mineral resources are very little known.

By a decree of 1919 private colonisation centres were established, each consisting of about twenty families. Other lands adopted for public engagement were expropriated for the public good.

A colonisation project now being studied by the Austrian Government foresees an emigration of Austrians to Paraguay. According to this project there would be established a shareholding company with a capital of about 2 million florins, supplied by private banks, under State guarantee. The company must then acquire lands in Paraguay and arrange the transport of the settlers.

## *Australia*

The physical conditions of this immense territory, with a very sparse population and a tendency to concentration in the towns (area 7,664,080 sq. km., population 9,873,842, density 1·2), considerably limit the development of large-scale colonisation.

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Only two areas of Australia may be taken into consideration in this respect: the well-irrigated eastern and south-eastern part of Queensland for intensive agriculture, and the arid zone of the south, suitable for wheat and pasture. As regards the first the area of Queensland was estimated in 1924 at about 174,000 hectares, of which 76,500 were in leases for pasture. The remainder of the area may be utilised also for the development of sugar-cane cultivation.

In the remainder of the Australian territory, apart from the west coast zones, malaria is prevalent. Another factor limiting European colonisation may be said to be the hostility of the various States to any infiltration of non-Anglo-Saxon elements, such infiltration being regarded as lessening the homogeneity of the population and the permanent influence of the British Government, which seeks to establish British workers. The latter, following the agreements made by the dominions, enjoy great advantages, while foreign, non-British workers are subject to many restrictions on admission and may be admitted only in very small proportions. A recent project aims at restricting still further the foreign labour employed in the mines, and the Commonwealth Government has actually prohibited any immigration until the economic situation has improved.

*Tasmania* is the part of the Australian Commonwealth that is most favoured by physical conditions. The possibilities of colonisation are, however, limited, not only by the fact that in present economic conditions the island is already densely populated, but by the fact that the greater part is still uncultivated. With the present situation once changed, however, Tasmania could offer a secure future to the population already existing, and to a by no means inconsiderable number of new settlers. As has already been indicated the larger part of the area is still untouched, while the mountains contain reserves of gold, silver, lead, zinc and other minerals.

Finally, *New Zealand*, a territory that has in the last forty years undergone a very rapid development. Save for periods of check for various reasons, the development of this part of the British dominions still continues, though the statisti-

## *Appendix*

cal data from various sources, including official ones, are contradictory.

Condliffe, who has made a notable study of the subject, says that the Crown lands available for new settlement are limited. On March 31, 1927, they were little more than 1,112,870 hectares, a small area in comparison with the 9 millions unoccupied land that must for the greater part be regarded as unsuited for settlement. According to this writer, only pasturage can be counted on to any great extent.\*

\* J. B. Condliffe: "Problems of Land Settlement in New Zealand," *Pioneer Settlement: Co-operative Studies*. American Geographical Society, New York, 1932.

Giuseppe De Michelis, Ambassador, Senator, Member of the National Corporative Council, Honorary President of the International Institute of Agriculture, President of the Governing Body of the International Labour Office, ex-Commissioner General of Emigration, and Professor at the University of Rome, is the author of numerous publications on social and economic topics, on international legislation, and on scientific questions. He is also a member of Italian and foreign Academies of Science and of International Permanent Committees.

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